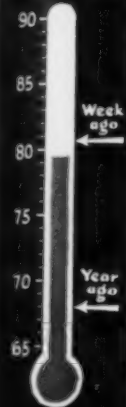


MAR 20
1937

MAR 22 1937

BUSINESS WEEK

BUSINESS
INDICATOR



CAUSE CÉLÈBRE—The Senate Judiciary Committee sits in judgement, Attorney-General Cummings leads for the prosecution as *Roosevelt v. U. S. Supreme Court* gets under way.

McGRAW-HILL
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Facts about REPUBLIC

World's largest producer of Alloy Steels. • World's largest capacity for production of stainless steel. • One of world's largest producers of carbon steels and tubular goods.



We Moved a River

... just that! Moved the Cuyahoga River in Cleveland more than a thousand feet. Moved three quarters of a million yards of dirt. Are putting five thousand tons of steel underground as a foundation for a building that will take fifteen thousand tons more. A building that will be a third of a mile long—occupy twenty acres—contain two hundred and fifty miles of pipe lines—surrounded by five miles of railroad track. • This modern new building will house the largest continuous wide strip mill in the world. It will have a speed of 2,100 feet per minute for twenty gauge steel. • Republic's new mill will be

finished this year. Will cost many millions of dollars. Will enable Republic to produce steel more efficiently, and to serve industry more promptly. It is striking evidence of Republic's policy of keeping a step ahead. Yet it is *only a part* of the plant modernization program which Republic has always followed. • Modernization costs have proved to be a sound investment, producing increased business and earnings from a rapidly growing number of steel buyers who can afford only the highest standards of uniform quality—whether in alloy steels by the pound or carbon bars by the ton. Republic Steel Corp., Cleveland, Ohio.



REPUBLIC STEEL

When writing Republic Steel Corporation for further information, please address Department BW

New Business

"BELIEVE US," said Sears, Roebuck employees in Paducah, Ky., in a quarter-page newspaper ad, "we were surprised when the company presented each employee with a check to cover our personal losses occasioned by flood water in our homes." Thanking the company, they conclude: "We also want to thank you for paying us our weekly salaries during the entire flood period."

No merger is the new company to be known as Pittsburgh-Corning Corp., but rather a jointly owned and adequately financed subsidiary of both Corning Glass Works and Pittsburgh Plate Glass Co. The newcomer will deal exclusively with the development, manufacture, and sale of certain types of glass for architectural purposes, such as glass block, glass tile, colored Carrara structural glass.

LIKE many other companies, General Electric likes to hear suggestions from its employees, for improvement of methods. Feb. 26 it handed the Charles A. Coffin Foundation award to Mrs. Sophia Baikusis in recognition of just this type of help. Mrs. Baikusis got a job with G.E. in Schenectady 12 years ago, after her husband died. Since then she has passed 89 ideas along; 54 have been accepted.

LIKE burros, whose proverbial bent is to starve while trying to choose between two toothsome mouthfuls of fodder, business executives will be torn next week between an urge to view Chicago's spring edition of the National Business Show, Hotel Stevens, Mar. 22-27, and a yen for New York's Seventh Packaging, Packing and Shipping Conference and Exposition, Hotel Pennsylvania, Mar. 23-27.

AT least one set of declining figures should give Chicagoans cause for joy: Air Conditioning Manufacturers Association says that only 156,000 tons of dust fall annually on Chicago during these recovering years—just enough to fill 3,120 gondola freight cars stretching across 30 miles of landscape—as against 780,000 tons in boom years.

ELECTRICITY and electric wires are things the layman doesn't want to go poking around in. When he rents a



● The price-tag does not tell you how much a tire *really* costs. It gives you only the purchase price, and is unimportant. The real cost of any tire can never be determined until its full mileage is run. Then only can you arrive at a true basis of comparison.

Recognizing these fundamentals, General truck tires are built stronger—to wear longer, and give better service over a greater period of time.

It costs more to build a General Truck tire because of the way it is built. Thousands of truck operators know it costs less to use Generals because of the way they perform. Your local General Tire dealer is ready to offer you the benefit of his factory training and practical truck tire knowledge. He may be able to reduce your tire costs materially.



STRONGER—All plies are full plies anchored at the bead—no floating "breaker strips"—every inch and every ounce is there for just one purpose—to produce more miles and a lower cost for you.



COOLER—They flex uniformly without that heat-producing "hinging action" of ordinary breaker-strip tires. Heat kills the life of cords and cuts down the miles in a tire. Generals are cool—that's why they run more miles at a lower cost for you.



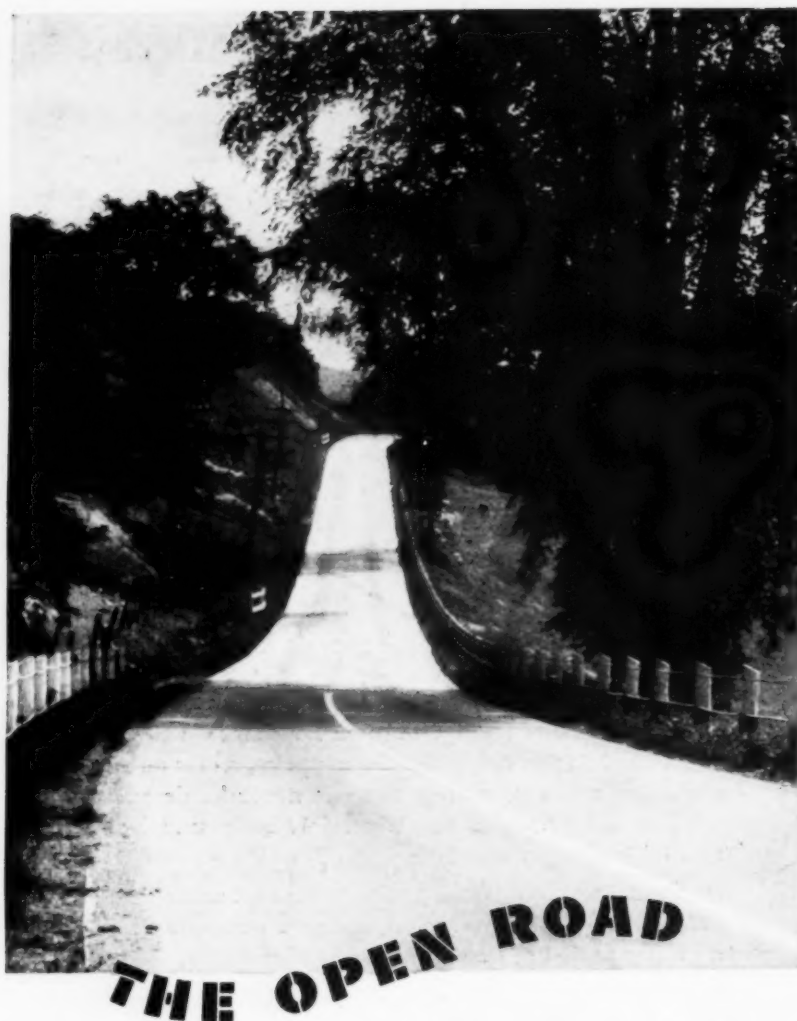
"COMPACT RUBBER" TREADS—All tires stretch due to fatigue in the fabric, but Generals, having no idle, half-way plies, stretch least of all. The tread is kept compact and compressed against the road—that's why it produces more miles and reduces your cost.

THE GENERAL TIRE & RUBBER CO. • AKRON, O.

In Canada: The General Tire & Rubber Co. of Canada, Ltd., Toronto, Ont.

GENERAL TRUCK TIRES

BUSINESS WEEK (with which is combined The Magazine of Business) March 20, 1937, No. 394. Published weekly by McGraw-Hill Publishing Company, Inc., Publication office, 99-129 North Broadway, Albany, N. Y. Editorial and executive offices, 330 W. 42nd St., New York, N. Y. James H. McGraw, Jr., Chairman; Malcolm Muir, President; James H. McGraw, Honorary Chairman; Glenn Griswold, Vice-President and Editor; E. R. Putnam, Treasurer; D. C. McGraw, Secretary. \$5.00 per year in U. S. A., possessions, and Canada; \$7.50 per year in all other foreign countries; 25c per copy. Entered as second-class matter December 4, 1936 at the post office at Albany, N. Y., under the Act of March 3, 1879. Printed in U. S. A. Copyright 1937 by McGraw-Hill Publishing Company, Inc.



This picture urges you to forget dull care and become a Gipsy, free to explore the world beyond the horizon. But all it takes to spoil this picture is a man with a red flag and a sign that says "Men Working."

And all it takes to make your building very unattractive to tenants and visitors is a sign that says "Elevator Out of Service."

An elevator "Out of Service" is an elevator that is being repaired. An elevator that receives proper care should *very seldom* have to be dry-docked for repairs.

What we're leading up to is a

distinction between *repair service* and Otis Elevator Maintenance. The difference is a matter of viewpoint and a knowledge of elevators. We decided that an Otis Elevator need almost never be laid up for repairs. By scientific examination, by the most meticulous adjusting of mechanism, by renewing parts subject to wear *before* they caused trouble, an Otis Elevator, we were convinced, could be maintained at a constant peak of efficiency.

An idealistic viewpoint, yes. But the steady increase in Otis Maintenance contracts is convincing evidence that it was also a practical one.

OTIS MAINTENANCE

and you can forget your elevators

house or apartment or store he doesn't know if the wiring is up-to-date or not—but if he lives in Texas he may have that problem solved for him. The legislature is considering a bill which would require all gas, water, electric, and telephone companies to inspect and approve wires, pipes, fixtures, and conductors before turning on the service. If unsafe, the owners would be notified to make repairs. Once a year reinspection is the plan.

DEVORE & RAYNOLDS had a pension plan that had to be discontinued when Social Security came into effect. It doesn't think Social Security is good enough. Result: it has worked out with Aetna Life Insurance Co. a supplementary group retirement fund, to which employees make monthly contributions. But the company actually purchases more than half of the pensions of workers who remain in service to retirement.

THE use of trailers as homes has caused a lot of disquiet among the cities and some hasty legislation. It has also moved the American Municipal Association, 850 East 58th Street, Chicago, to prepare in cooperation with three other governmental service organizations a valuable report entitled, "The House Trailer: Its Effect on State and Local Government." This report will give you, for 50¢, a vast amount of up-to-date information on trailers, their uses and their regulation by cities and states.

HOME was never like what people away from home expect their hotels to be. To impress customer demands on employees of the Harding-operated hotels of Chicago, Managing Director Ken Williams has a big chart illustrating 100 practices and conditions of service that patrons have said they did not like. With the chart hang two poster-bulletins frequently replaced, one showing the right way and the other the wrong way of rendering some particular service. Cartoon effects help to drive the message home.

NEXT time you ride on one of those buses running out of Spokane to Butte or Seattle, take note of the Conductor-ette. She's fairly good-looking (if she meets the averages reported in *Bus Transportation*), and she is between 23 and 27 years old. If she sells you a pillow you'll pay 15¢ and she will get a dime of that. The company uses the other 5¢ for laundry and upkeep on the pillows. And the Conductor-ette lives in Spokane. We don't know her phone number, but the magazine says she is trained to handle all kinds of people, "especially those who are inclined to misbehave on a coach."

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HEAVY, HEAVY, WHAT HANGS OVER your home?



YOU have fire insurance on your home and its furnishings. You maintain this protection as a matter of course, for the simple purpose of preventing possible financial loss.

But, a loss is a loss, no matter what the cause. Therefore, your protection leaves you vulnerable to the extent that it ignores other hazards that can damage or destroy your property. Windstorm, explosion, burglary, accident, for instance, annually cost home-owners millions of dollars.

If you take the trouble to look into it, you will be surprised how little

more it will cost to enjoy all-around protection. There is a North America policy for practically every hazard that threatens your home. And, there is a North America Agent in your vicinity who, without obligation, will gladly advise you regarding the most effective and economical program for you. Consult him, or your broker, as you would your doctor or lawyer.

North America Agents may be found in the Classified Telephone Directories under the name and identifying "Eagle" emblem of Insurance Company of North America.

North America Protection

includes practically every form of insurance except life. Here are some of the coverages available for protecting the home:

RESIDENCE CONTENTS covers damage to household furnishings by fire or other specified hazard.

SUPPLEMENTAL CONTRACT covers damage by explosion, windstorm, hail, riot and civil commotion, falling aircraft and "wild" motor vehicles.

RENTAL VALUE pays rental value of home while being made habitable following damage by fire or other specified cause.

BURGLARY covers loss and damage to property by burglary or attempted burglary.

OWNERS, LANDLORDS and TENANTS LIABILITY covers claims for injuries to the public sustained on the premises.

North America Agents

A Nation-wide Group representing INSURANCE COMPANY OF NORTH AMERICA, Philadelphia . Founded 1792

Get TOUGH get KABLE KORD

This oldest firm of rubber fabric belt specialists
is a client of

GEARE-MARSTON, INC.
ADVERTISING • Philadelphia • New York

Find out exactly what Kable Kord can do for you on endless or roll belt jobs. Get your FREE copy of the Kable Kord Data Book. Yours, with no obligation.



GET extra duty on all flat-belt drives. Kable Kord—"two-belts-in-one"—gives "two-for-one" performance. The tough outer "hide" stands up under heavy duty punishment and protects the pulling cords from wear and shock. The built-in contactor cords squeeze the pulling cords tightly against the pulley, give a snuggest grip that cuts out slip, and deliver more actual pull per square-inch than any other flat belt made.

L. H. GILMER COMPANY, Tacony, Philadelphia.

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Washington Bulletin

WASHINGTON (*Business Week Bureau*)—Much heavier federal spending is definitely due and higher taxes on corporate and individual incomes are definitely under consideration by the Administration—even for this session. This can be said regardless of the vigorous disclaimers on Capitol Hill which followed Reserve Board Chairman Eccles' statement that the budget must be balanced and the public debt pared down by new levies, "if necessary." The President still believes that taxes are not high enough to provide sufficient revenue for the plans he has in mind for this or later years, or to effect the economic and social reforms he hopes to accomplish eventually by the tax route.

Arguments for "Soaking"

If necessary, protesting legislators will be calmed by Administration insistence that new taxes to finance spending, without too great additions to the federal debt, are necessary to head off inflation—which would hit the consumer. Opponents would be placarded as protecting the rich and the corporations, grinding the face of the poor. Meanwhile, Capitol Hill leaders have not been consulted, are in the same predicament they were when the court plan was sprung on them.

Large Spending Plans

The Administration is expressing concern about the effect of the advancing cost of living and the need of budget-balancing so as not to add fear of currency inflation to the other causes of price advances. But, at the same time, it is talking determinedly about greater spending for the underprivileged whom the President has been throwing in the face of the Supreme Court.

Sees Permanent Relief

The fact is that Roosevelt does not contemplate ever eliminating federal relief. He regards it as certain for all time, in prosperity and depression. He agrees with Harry Hopkins that even in boom times there will be something like 5,000,000 families whose incomes must be supplemented by the government. He also agrees with Hopkins that the government has not scratched the surface in providing better housing.

Has Set the Stage

The statement of Chairman Eccles was not prompted merely by the sharp decline in prices of federal bonds. The Administration is interested in that, too, but not frightened.

NOT SO REACTIONARY

The Supreme Court manifests more liberal tendencies than are generally recognized in holding that employees of city water departments are exempt from federal income tax. Reversing by a 7-2 vote the Internal Revenue Bureau's claim that water supply constitutes a proprietary interest, the court has laid down a broad social as well as legal principle with direct implications for milk, gas, and electricity in holding that the "acquisition and distribution of a supply of water for the needs of the modern city involves the exercise of essential governmental functions."

The easing off of bonds works toward higher interest rates and the government wants to keep interest rates low for two reasons: to hold its own interest payments down, and to enable business to borrow cheaply so as to expand production and employment. The feeling here is that Eccles has, at least, provided the stage setting for a boost in taxes.

What Is a Co-op?

With its case against A. & P. now pretty well advanced, the Federal Trade Commission lashes out at 11 other chains on similar charges of brokerage diversion in violation of the Robinson-Patman Act. Procon, the big brokerage agency organized in 1933 by Kroger, First National, Safeway, National Tea, and American Stores to match the buying economies effected by A. & P., is the focus of the long indicated attack. Since Procon's profits, made on brokerage commissions, are distributed among members in proportion to the amount of their purchases made through Procon, the chains contend that their operations fall well within the exemption accorded cooperatives in the law. FTC says Procon isn't a bona-fide co-op, as evidenced by the fact that the six chains taken in last year

have no stock membership yet get rebates—or "savings dividends"—from Procon in violation of a cardinal cooperative principle.

Uncontested

Remarkable in New Deal annals is the new rail pension plan in which the constitutional issue promises to remain forever moot by reason of the agreement reached this week between management and union officials. Litigation attacking constitutionality of the present laws will be dropped, legislation amending them to conform to the terms of the agreement will have no opposition in Congress, and the new laws will stand because nobody will try to down them.

Mining Hazards Remain

No practical means of averting coal mine accidents like that which killed 18 men at Logan, W. Va., last week is seen by government safety engineers. Accidents constitute 10% of the cost of mining. Installation of accident-prevention equipment approved by the Bureau of Mines and strict adherence to federal regulations would cut this down to 2% but would increase prices up to 25%, a premium that would be ruinous in view of the competition of other fuels.

Airways a Federal Responsibility

An immediate survey of airport and other airway facilities, launching a five- or ten-year development program, will be undertaken by the Bureau of Air Commerce. Available WPA funds plus contributions from project sponsors total about \$40,000,000. Airways are steadily approaching the status of highways in point of their claim on federal financial aid, while the War Department dictates defense requirements.

Stalemate on Jobless Count

Unemployment census proposals are still tied up at the White House. Experts who finally devised a plan to separate the sheep from the goats in a count of employed, partially employed, and unemployed are completely in the dark on the President's future course, but they hope that their recommendation to advance the decennial census of population to the fall of this year will be adopted in conjunction with the plan for setting up relief upon a permanent basis.

The Uses of Adversity

Strike threats frequently are countered by the assurance that the plant management would welcome a shutdown. Generally, that may be just part of the buildup, but the textile industry really seems to be overproducing now. Government industrial specialists warn that the new impetus



Office Building of the New York State Teachers Association, Albany, N. Y.

BALANCED HEAT FEATURES FINE OFFICE BUILDING

Webster Moderator System Meets Need for Low Cost Operation and Uniform Heating

"CONTROL-BY-THE-WEATHER"

Albany, N. Y.—Heating results in the new Office Building of the New York State Teachers Association have fully justified the confidence of the owners in the Webster Moderator System.

When this building was under construction in 1934, it was emphasized that the heating installation must provide economy in addition to maximum heating comfort.

Seeing in the Webster Moderator System a centrally controlled heating system responsive to outdoor weather conditions and offering continuous delivery of steam to all radiators without excessive heating, the owner authorized H. O. Fullerton, prominent Albany architect, to specify the Webster System and Webster System Equipment. William Bennett, heating contractor of Selkirk, N. Y., made the installation.

"With the Webster Moderator System all sections of the building heat evenly and rapidly," the Owner reports. "As for economy, the Webster Moderator System has equalled our expectations."

Accurately sized Webster Metering Orifices provide perfectly balanced heating service. The main steam control valve, actuated by the Outdoor Thermostat, controls the basic rate of steam delivery. A manual Variator allows the operator to meet special conditions.

Concealed Webster System Radiators, recessed in the walls of the building, increase the amount of available floor space. The attractive grilles harmonize with the decorative scheme.

In addition to its installation in the new Office Building of the New York State Teachers Association, the Webster Moderator System was also selected for the heating of the new Women's Dormitory of the New York State Teachers College in Albany.

If you are interested in heating new buildings, or in improved heating service and lower heating cost in your present building, address WARREN WEBSTER & CO., Camden, N. J. Pioneers of the Vacuum System of Steam Heating Branches in 60 principal U. S. Cities—Estab. 1888



Outdoor Thermostat which provides "Control-by-the-Weather"

which the C.I.O. drive has given to forward buying might, if it continues, build up an unhealthy inventory situation. Individual manufacturers may be reluctant to admit it, but informed opinion here is that a shut-down might be a good thing for the industry.

Trouble Rides Ether Waves

Rep. Connery, of Massachusetts, is very likely to get his investigation of an alleged monopoly in radio broadcasting. His demand for a probe by a special House committee is the upshot of a long chain of controversies in which Connery, as spokesman for the Paulist Fathers, has been seeking full-time, high-power operation for WLWL, New York. The inquiry is not expected to support Connery's charge of a "working agreement" among National, Columbia, and Mutual, but the fireworks might lead to some unnecessarily restrictive legislation.

Start on Stream Pollution

A fair prospect of legislative action may finally bring the federal government to grips with the problem of stream pollution. Sentiment in the House Rivers and Harbors Committee favors the Vinson Bill for a studied approach by the Public Health Service in cooperation with the states. This is preferred to the Lonergan bill placing rigid authority in the hands of the National Resources Committee.

Forcing the Compromise

President Roosevelt has submitted—through emissaries—a compromise on his Supreme Court enlargement proposal to several senators who classify as bitter-enders. The "compromise" would add two new justices instead of six. Incidentally, the offer was made after the senators in question had rejected all sorts of patronage bait, including at least one offer to put the senator himself on the high bench. In every case reported so far the senators who had the heat turned on them were told that they might as well "get aboard and get theirs" because the President was willing to trade anything, and therefore would certainly get a safe majority before the final vote. Opposition senators, however, are much cheered at the offer of the compromise after the other bait had failed.

FTC, SEC Both Profit

Recent addition of two economists to the Federal Trade Commission's Robinson-Patman Act staff forecasts greater activity in that quarter, but acquisition of Willis J. Ballinger removes a stormy petrel from the Securities and Exchange Commission where

internal dissension has been sharp. In his new job, Ballinger will put aside "for the future" his interest in federal incorporation of business concerns, a proposition for which there is no enthusiasm in SEC.

Brake on Scrap Exporting

Export licensing to retard shipment abroad of steel scrap, a system similar to that in vogue on tin plate scrap, is being pushed as small Eastern mills, pinched for supplies in a bounding market, look at 180,000 tons piled up on the seaboard waiting for vessel space to Great Britain and Japan. Congestion at the ports, where about 4,000 cars are under load, is so bad that the railroads have been forced to embargo further shipments for which space has not been arranged.

Unifying Building and Loans


Complete revamping of state laws governing building and loan associations will be pushed by the Federal Home Loan Bank Board, which asserts that financing will not keep pace with demand for new homes until complete public confidence in the "thrift" institutions is restored. The board is drafting legislation designed to attract new funds to state-chartered institutions covering reorganization, mergers, segregation, and write-downs of assets, a process hampered by antiquated laws in many states.

Muddled Neutrality Waters

Debate on neutrality demonstrates again that the way of the sincere peacemaker is hard. It used to be that some peace-loving advocates would petition the President to abolish the Army and Navy and simultaneously demand that a powerful force be sent to Armenia to stop the Turks from killing Christians. Now the orators on Capitol Hill want a rigid embargo against any shipments to belligerents and the furnishing of all aid possible to any nation attacked. Whoever is opposed to them on any count is just a paid tool of the duPonts.



Hull's Fumble

When Sec. Hull apologized to Hitler by saying it is a matter of regret to the United States "when any citizen of this country" says anything that offends another government, he set a precedent that will push him into continually hotter water. Now he has answered Hitler's new protest by expressing the hope that anti-Nazis will "find other subjects which can be discussed more temperately." On that basis, the Soviets might protest anti-communist speeches here, and Hull would have to urge the American Legion and the D.A.R. to "find other subjects."



How to protect

75 MILLION DOLLARS

OR \$75000  OR \$7500 



The San Francisco-Oakland Bay Bridge cost \$75,000,000. Its $4\frac{1}{2}$ mile length, exclusive of approaches, dwarfs all existing bridge structures.

In fact, every figure that is quoted in connection with this great project is staggering in immensity: length, height, spans, cables, tons of steel, everything...

All this bigness, all this tremendous investment is protected by microscopically tiny flakes of metal.

These flakes are Aluminum and are the pigment of the final coat of Aluminum Paint.

Aluminum Paint on all surfaces forms a coat of metal protection which hinders penetration of moisture and thus retards corrosion. It is long lived because the opaque pig-

ment reduces the destructive action of sunlight. Its unequalled hiding power enables one coat to completely cover any dark color.

Aluminum Paint gives bridges and such structures high visibility; helps the interior lighting of factories; keeps oil tanks cooler.

We do not make paint. We make only the shining flakes themselves. Under the name Alcoa Albron, leading paint manufacturers supply this superior pigment to you, with their own carefully compounded vehicles. The newest form of Aluminum pigment is Alcoa Albron Paste, with superior covering power, reflectivity, and many other qualities. Aluminum Company of America, 2104 Gulf Building, Pittsburgh, Pennsylvania.

When you buy Aluminum Paint for use around your home be sure to look for the Alcoa Albron mark on the paste or powder container. Use it on new wood as a primer. Also it will give you a lasting brightness in your basement and garage.



To be sure of the quality of the Aluminum Paint you specify for your plant, send for these specifications. They tell how to use Aluminum Paint and describe the vehicles to use for various surfaces.

ALCOA ALBRON PASTE AND POWDER FOR

ALUMINUM PAINT

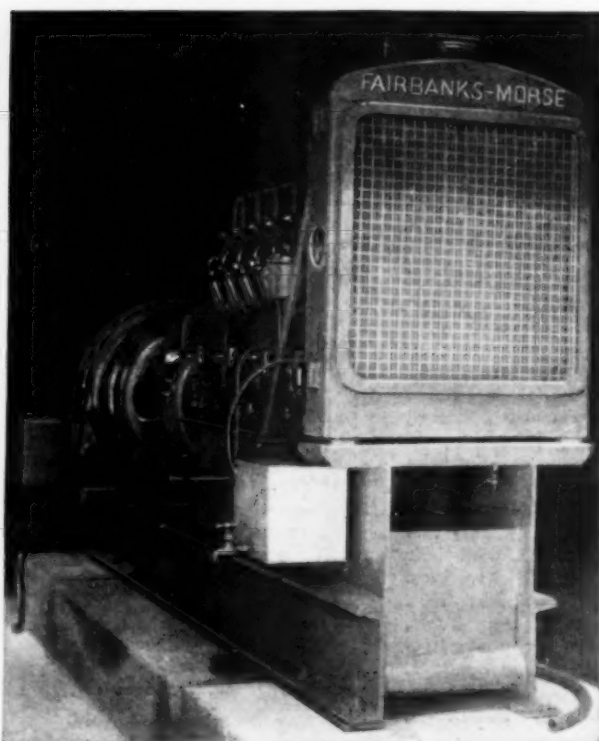


ISOLATED WOODWORKING

PLANT SAYS:



"This **F-M** Diesel
cut our power bill!"



● The A. E. Witherell Lumber and Woodworking Company is located on a country road just out of Northampton, Mass.

In March, 1936, Mr. Witherell turned to Fairbanks-Morse for his power supply and installed a Model 36 F-M Diesel generating set. During the past year the average cost per month for fuel oil for the Diesel was only 18% of what the demand charge alone would have been if the motors had been connected to the power line. Soon the savings not only will have paid for the engine but will have turned in a substantial yearly operating profit to the company.

By the way . . . what are *you* paying for power? If you could use power savings of from 50% to 80%, write today for a free copy of "Diesels 11." Address Fairbanks, Morse & Co., 900 South Wabash Avenue, Chicago, Ill. 34 branches at your service throughout the United States.

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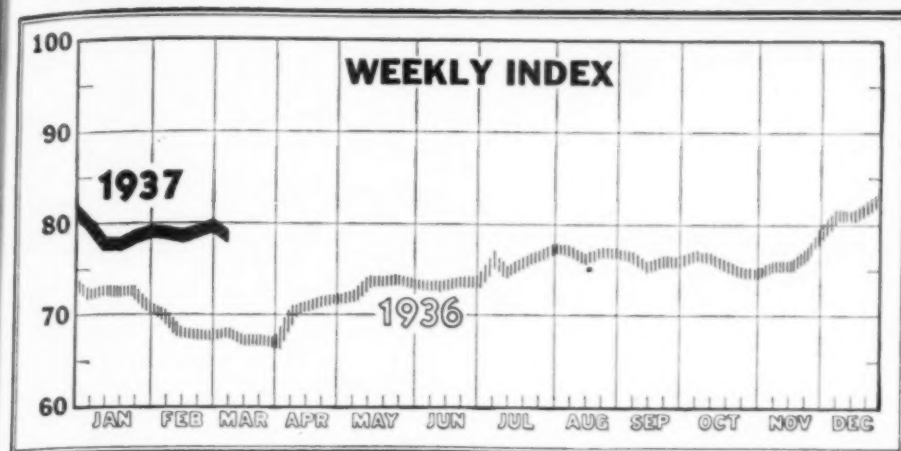
FAIRBANKS MORSE
DIESELS

DIESEL ENGINES • ELECTRIC MACHINERY
PUMPS • FAIRBANKS SCALES • RAILROAD
EQUIPMENT • FARM EQUIPMENT • HOME
APPLIANCES • HOUSEHOLD PRODUCTS • HEAT-
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BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



The Figures

Latest Week	*79.3
Preceding Week	†80.3
Month Ago	79.7
Year Ago	67.9
Average 1932-36	60.5

PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
*Steel Ingot Operation (% of capacity).....	88.9	87.3	81.0	60.0	38.6
*Building Contracts (F. W. Dodge, daily average in thousands, 4-wk. basis)...	\$8,732	\$9,703	\$10,007	\$6,170	\$4,113
Engineering Construction Awards (Engineering News-Record, 4-wk. daily av.)	\$7,824	\$8,543	\$7,036	\$6,567	\$4,096
*Bituminous Coal (daily average, 1,000 tons).....	*1,842	*1,878	1,634	1,450	1,229
*Electric Power (million kw.-hr.).....	2,213	2,200	2,200	1,901	1,641

TRADE

Total Carloadings (daily average, 1,000 cars).....	122	124	113	106	96
*Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	70	79	71	68	62
*Check Payments (outside N. Y. City, millions).....	\$4,226	\$5,272	\$3,998	\$3,687	†\$3,163
*Money in Circulation (Wednesday series, millions).....	\$6,376	\$6,407	\$6,360	\$5,840	\$5,902

PRICES (Average for the week)

Wheat (No. 2, hard winter, Kansas City, bu.).....	\$1.38	\$1.38	\$1.44	\$1.09	†\$1.77
Cotton (middling, New York, lb.).....	14.70¢	14.13¢	13.09¢	11.42¢	†9.67¢
Iron and Steel (Steel, composite, ton).....	\$39.99	\$39.47	\$36.67	\$33.04	\$30.80
Copper (electrolytic, Connecticut Valley basis, lb.).....	16.250¢	15.625¢	13.333¢	9.250¢	7.583¢
Moody's Spot Commodity Price Index (Dec. 31, 1931=100).....	219.9	215.2	206.5	171.0	128.2

FINANCE

Bond Yields (Standard Statistics, average 45 bonds).....	4.30%	4.27%	4.21%	4.22%	5.32%
Interest Rates—Call Loans, Renewal, N. Y. Stock Exchange (daily average)...	1.00%	1.00%	1.00%	.75%	†1.63%
Interest Rates—Prime Commercial Paper, N. Y. City (4-6 months).....	.75%	.75%	.75%	.75%	†1.84%
Business Failures (Dun and Bradstreet, number).....	170	174	172	222	374

BANKING (Millions of dollars)

Total Federal Reserve Credit Outstanding (Wednesday series).....	2,454	2,457	2,477	2,473	2,571
Excess Reserves, all member banks (Wednesday series).....	1,380	1,310	2,184	3,008	1,352
Total Loans and Investments, reporting member banks.....	22,801	22,718	22,555	21,341	19,052
Commercial Loans, reporting member banks.....	4,741	4,692	4,568	3,798	8
Security Loans, reporting member banks.....	3,367	3,280	3,227	3,339	3,917
U. S. Gov't. and Gov't. Guaranteed Obligations Held, reporting member banks.	10,227	10,275	10,337	9,835	8
Other Securities Held, reporting member banks.....	3,314	3,322	3,254	3,223	8

*Factor in Business Week Index. *Preliminary. †Revised. ‡New Series, Excluding Real Estate Loans. §Not Available.

† Estimate based on 4 years, due to 1933 bank holiday.

These monthly averages are merely simple averages of each month's weekly figures of Business Week's index of business activity presented in the chart at the top of the page. They enable readers to get a general view of the trend of business since 1929.

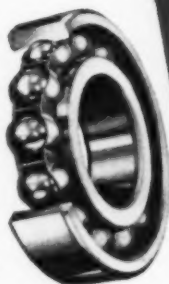
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The Business Outlook

SOARING prices in basic commodities as well as labor disturbances are beginning to get under the skin of official Washington. Chairman Eccles advocated higher taxes and increased production as a method of controlling runaway prices. Ways and means of curtailing the current wave of labor strikes are being studied assiduously in the capital, but definite action awaits the Supreme Court's decision on the National Labor Relations Act. The satisfactory way in which the railway pension problem was solved this week by negotiations within the industry set a significant contrast to the sitdown strife that has bedevilled Chrysler of late.

Rushing Pace Kept Up

On the industrial front, there is little noticeable change in the feverish activity which has been apparent over recent weeks despite the wave of strikes. Motor production dipped slightly as Chrysler fell out of the running, but other motor manufacturers are stepping up output as fast as possible. Steel producers have pushed operations to the extraordinary height of 89% of capacity in an effort to get orders taken at last year's prices out of the way. Mine output in non-ferrous metals is being pushed higher to build up depleted stocks and put the brakes on prices. Lead prices were the first to soften this week, as consumers' buying enthusiasm in London waned.

A Market That Changed

Government bonds have struck a buyers' market in contrast to the sellers' market in commodity markets. It appears that New York banks have been selling their governments over some time to prepare for the boost in reserve requirements. After the first of the year, out-of-town banks added their weight to the selling side. Two new issues that were to have been offered were withheld until prices are stabilized.

Rise in Retail Prices

Retail prices are beginning to follow the trends set in wholesale markets, but not very rapidly. Living costs in February were up only 0.3% over January, due chiefly to a 1.1% increase in men's clothing. But manufacturers are posting higher prices for their products more frequently now that wages and raw materials have forced their hand, and clothing is likely to bear a good share of the rise in living costs. Fairchild reports prices of department store goods have advanced for eight consecutive months, and now stand 6% above last year.

STRIKE LOSSES

Strikes in the initial month of 1937 cost American industry 2,500,000 man-days of labor. They involved about 192,000 workers, the most for any month since the coal strike of September, 1935. In each of the two preceding months of November and December, 1936, the loss was also more than 2,000,000 man-days. When the February and March records become available, the loss will have mounted considerably.

Tires Climb Again

Tire producers joined the parade of price boosters by making another 6% increase, the second this year and the fourth in the past nine months. Goodrich added a 10% increase in all mechanical goods as well. That the strike in the motor industry was no damper to tire production is evident from the heavy consumption of rubber reported for February, which was the sixth time in the history of the industry that consumption hit the 50,000-tons-a-month mark. American protests on restriction of rubber supplies apparently had some effect, for the rubber cartel agreed this week to lift output from 80% to 90% of capacity. Now the problem is to get the output up quickly enough to hold price advances in check.

Tin Takes a Jolt

The tin cartel met to remedy the rapid rise in tin prices and jacked up export quotas to 110% of standard for the second quarter, adding 2,700 tons a month to stocks available, and precipitating wild changes in prices on London markets. Domestic prices of tin sagged as well.

Typewriters in Price Parade

Typewriter manufacturers posted 5% higher prices for Apr. 1. Because demand from consumers has been well sustained, the increase is likely to meet little resistance. The export market for office appliances, an important source of volume to the in-

dustry, perked up markedly in January, with sales 18% ahead of 1936.

Up They Go

Carloadings are widening their margin over last year, when floods curtailed activity in the industrial East. Crude oil production continues to set new peaks each week. Gasoline stocks are swelling to record heights, creating a little uneasiness in some quarters but pooh-poohed in others. Industrial building contracts of more than \$10,000,000 last week attest to the efforts of business to cope with growing demand for goods.

Strikes and Machine Tools

Machine tool makers are inclined to blame the strike menace for the decline in their orders since the first of the year. Last month's business was still substantial and looked poor only by comparison with December volume, prompted chiefly by price advances posted for early 1937. Incoming foreign business accounted for 26% of the February orders.

Hope for Textile Peace

There is less worry in the textile industry this week concerning the threat of a general textile strike. Having benefited by an unusual volume of business taken at rising prices, mills are in a mood to make some concessions to labor. With Hillman at the helm of the union drive, the industry hopes for moderation in wage and hour demands that can be satisfied without a strike.

Soapers Caught Short

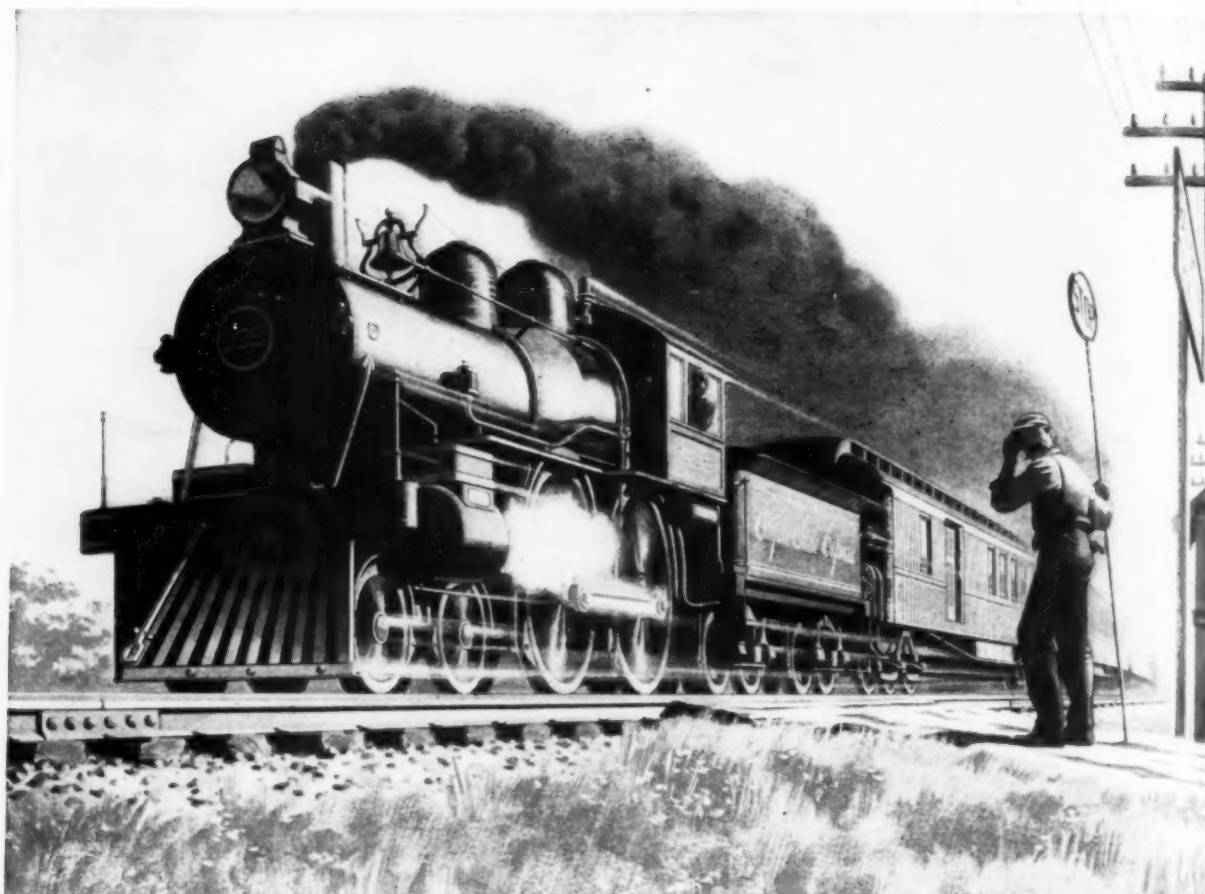
Soap manufacturers have been caught by the rapid rise of raw material prices of coconut oil and tallow. Small soapers have been caught worst because they have not been in a position to build up inventories, and are now threatened with extinction because supplies are almost nonexistent at any price. The steep excise on imports of coconut oil and tallow has cut off foreign sources, and droughts of recent years have reduced domestic supplies.

Sell More Life Policies

Life insurance salesmen see a turn in the tide of declining sales with the February reports on new business booked, which showed a gain of 7.5% over a year ago. Ordinary life sales were up 9.5%, group insurance as much as 32%.

Railroads Made Money

Final reports on railroad earnings last year indicate that the Class I roads as a system earned the first profit since 1931, with a total of \$169,900,578 against a loss of \$1,374,094 in 1935.



SALUTE TO THE "999"!

FORTY-FOUR years ago, in 1893, the "999" pulled the Empire State Express over the New York Central tracks at the incredible speed of 112½ miles an hour. High-riding, with fuel shoveled in by hand, and a train of wooden cars rattling behind, it rocketed over the rails belching smoke and cinders, terrifying but thrilling the countryside. It is doubtful if any other locomotive in the history of steam so stirred the imagination. Certainly none so thoroughly deserved acclaim. For few locomotives to this day can attain the speed of the "999."

What, then, can be said for streamlining?

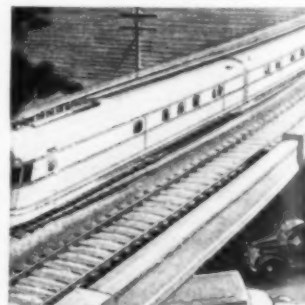
Perhaps too much emphasis has been given the streamlining of locomotives and of trains. Symbolic of modern progress, it has many merits which have captured popular imagination. Unfortunately, it has distracted attention from the most vital factor in railroad progress.

The thing that is revolutionizing railroad operation today is the introduction of light-weight equipment of

greatly increased strength—chiefly through the Budd method of fabricating stainless steel by the SHOTWELD process.

Stainless-steel trains make possible long-sustained higher speed with an increased margin of safety and a great reduction in operating costs. Budd-built stainless-steel trains are the product of Budd methods. This means an all-inclusive functioning that embraces design, patented equipment and actual production.

Originator of all-steel bodies for automobiles, now used almost universally, the Edw. G. Budd Manufacturing Company has pioneered modern methods in the design and fabrication of steel products.



EDW. G. BUDD MANUFACTURING COMPANY

PHILADELPHIA AND DETROIT

BUDD METHODS SAFELY ELIMINATE DEAD-WEIGHT

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MARCH 20, 1937

Eccles Warns: Fight Inflation Now

Federal Reserve chairman says budget must be balanced and debt reduced. Suggests tax increase as curb on monetary expansion.

MARRINER S. ECCLES, Mormon son of a Mormon father, this week unloosed a blast against potential monetary inflation—a blast that was ripe with the overtones of a scriptural admonition: "Whatsoever a man soweth, that shall he also reap."

The government has sown—a \$34,000,000,000 debt. And now the government is reaping, or is about to reap, a swift-moving whirlwind, unless, says Eccles, the budget is balanced, taxes are raised, and the debt is reduced. To do what he wants, Eccles would not blench at boosting taxes, despite past Administration promises.

That is the Eccles technique for boom control. It is poetic justice applied to New Deal economics.

In order to prime the pump, and then to keep recovery going, the Administration spent money as fast as the relief agencies could arrange projects. The debt mill ground out government bonds. These bonds were sold to banks. The government spent the money it got for the bonds. This money went out to individual and corporate beneficiaries, and returned to the banks in the form of deposits.

Result of it all: Net bank deposits at \$52,000,000,000 are the highest in the history of the country.

And now the chairman of the Federal Reserve Board would undo it all—or nearly all.

That "Rising Reservoir"

Government credit no longer is necessary to keep the business momentum. Industry once again is turning to securities markets and to the banks for funds. Private credit is filling the breach the government formerly filled. Therein lies the danger, as the Reserve Board sees it—the danger of a rising reservoir of money (currency and credit) emphasized and multiplied by a potentially more rapid turnover, or velocity.

In other words, as pointed out in *Business Week* (BW—Mar 13 '37, p 17) the means of payment have accumulated and are accumulating more rapidly than production. The consequence: price fireworks in such basic commodities as cotton, copper, steel, zinc and lead. Accelerating the price upswing is organized labor with demands for

increased wages; these add to the cost of production, and that in turn boosts the ultimate costs to the consumer. The bottle neck—out of which may and can issue inflation—is production. So long as costs are high; so long as labor insists on and gets wage boosts and shorter hours; so long as producers, such as steel, advance their prices more than wage increases, production does not rise in proportion to the demand for goods—a buying urge which is heightened by visions of higher costs soon. Manufacturers, middlemen, retailers, and consumers alike want to get their orders in before prices go up further. Which blows up the immediate demand for goods beyond the immediate supply and prods prices even higher. That is distinctly characteristic of a sellers' market.

In the end, the fear is that goods may be up on a plateau beyond the price reach of consumers.

To prevent that, the Eccles formula is to keep money easy, very easy, so that business can get all the credit it

needs. That will stimulate industry to produce (or at any rate will not retard industry from producing), and if industry produces fast enough to satisfy the pent-up demand, prices will recede.

In short, produce more goods; keep production in pace with the available means of payment, and you avert inflation. To this end, the Reserve would utilize all available manpower, would call upon the country's immense natural resources to supply the goods called for, would employ as fully as possible all available capital. But, as a control, the government would draw down the deposits it has created by retiring its debt.

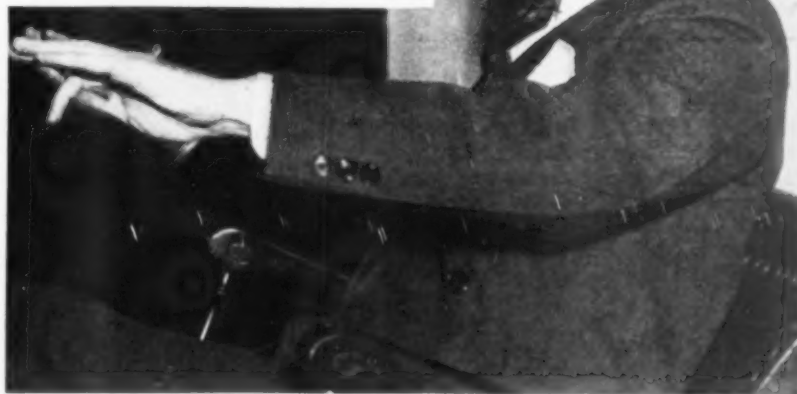
Successive Steps

This would be accomplished by a simple Treasury operation, which would be used as a foil against private credit expansion. Here's how: The government would raise taxes, thereby bringing the budget into balance; this would have the effect of taking deposits that taxpayers have in the banks and transferring those deposits to the account of the government; the government then would use those deposits to pay off its debt held by banks. And zip, the deposits so used vanish. They would cease to be a part of the monetary system.

But the easy money policy which

Harris & Ewing

EASY MONEY MAN—Federal Reserve Board Chairman Eccles has a monetary philosophy. He would keep interest rates down in order to encourage business to maintain a full supply of commodities, goods, and services. In that way, he would stay inflation by bringing supply up to demand, rather than cutting down demand to meet supply.



Interest Rate Controversy Trips Government Bonds

Coupon	Due*	Closing Prices					Change Since		1936-37 High	Change from High
		Dec. 31	Mar. 11	Mar. 12	Mar. 13	Mar. 15	Mar. 11	Jan. 1		
Treasury.....	3½ s 1943-40	107.25	106.12	106.8	106.3	105.26	-18/32	-1 31/32	109	-3 6/32
Treasury.....	3½ s 1947-43	110.18	107.21	107.9	107.14	107.9	-12/32	-3 9/32	111.3	-3 26/32
Treasury.....	2½ s 1947-45	106.20	104.9	103.28	103.23	103.21	-20/32	-2 31/32	106.27	-3 6/32
Treasury.....	4½ s 1952-47	121.16	118.18	117.28	117.22	117.23	-27/32	-3 23/32	121.28	-4 5/32
Treasury.....	2½ s 1951-48	104.11	103.1	102.16	102.23	102.21	-12/32	-1 22/32	104.18	-1 29/32
Treasury.....	2½ s 1953-49	101.15	100.22	100.12	100.11	100.13	-9/32	-1 2/32	101.22	-1 9/32
Treasury.....	2½ s 1954-51	103.13	102.22	102.12	102.12	102.12	-10/32	-1 1/32	103.17	-1 5/32
Treasury.....	2½ s 1959-56	103	102.23	102.9	102.12	102.10	-13/32	-22/32	103.18	-1 8/32

* Bonds fall due during year first mentioned but the Treasury reserves the option of calling the bonds at the earlier date or on any interest date thereafter until maturity.

Business Week

CAUSE AND EFFECT—The boost in member bank reserve requirements was supposed to give the Federal Reserve greater control over bank credit; it was not calculated to harden interest rates. But bonds plummeted from their recent highs,

government issues particularly, but not uniformly. Long-term bonds have held up relatively better than the nearer maturities; on the theory that short-term money rates would be most sensitive to a policy of credit restraint.

Eccles regards as necessary (because it facilitates the employment of idle labor, of unused natural resources, of an abundance of surplus capital) cannot be attained by simple government fiat. The recent decline (see table) in government bonds—a decline which became more emphatic after the Eccles pronouncement—indicates that interest rates are hardening. Though short-term money is still cheap, the rise in federal funds from ¼% to ½% (BW—Mar 6 '37, p65) indicates that member banks are not so free and easy with what's left of their excess reserves. And the final boost in reserve requirements is to come May 1.

May Go Into Open Market

Still the Reserve chairman is determined. If money rates tend to rise, as a consequence of expanding demand for funds (commercial loans went up \$62,000,000 the week of Mar. 10 and have risen more than \$800,000,000 in a year), the Reserve will resort to open-market operations. It will buy government bonds. That would have a two-fold effect: (1) arrest the decline in governments, (2) pump excess reserves into banks and make credit easy all over again.

Nor is there any doubt that Eccles would add to the huge \$2,430,000,000 total of governments the Reserve Banks hold if he felt it was necessary to keep down money rates. He said so and, while the statement was being issued to the press, the Open Market Committee, consisting of all the board members and the presidents of five Reserve Banks, met and named him chairman of its executive committee, which gives him a commanding power to do what he wants.

Coming as it did right on the heels of the sharp upswing in prices and wages, the Eccles admonition was invested with a false political significance. The inference was that some immediate action would be forthcoming;

that Congress might shortly act on new taxes; that the Administration might turn around at once and try to balance its budget for the fiscal year ending June 30.

Yet, both President Roosevelt and Secretary of the Treasury Morgenthau have said time and again there would be "no new taxes." Rep. Doughton, chairman of the House Ways and Means Committee, asserted there would be no change in plans "until we can see further than we do now." Eccles, himself, said he sought no cut in relief costs, and Relief Administrator Hopkins looks for no sudden drop in expenditures.

Moreover, the Treasury can get along without new borrowing through June. If taxes come up to expectations, and if there are no new ambitious relief plans (page 5), the long-sought balanced budget will arrive in the fiscal year which commences July 1. Then, Chairman Eccles will have what he wants and the government can begin to retire its debt. Toward this end, Social Security taxes will contribute mightily.

Hence, if the Treasury department has gauged expenditures and receipts accurately, and if the spenders control themselves, the wash-down of bank deposits, through debt retirement, ought to start next July. Whether it will be fast enough to satisfy the Reserve Board is a question. But, at any rate, that is the monetary policy designed to stay the whirlwind.

A Tax on Coal Rival?

Some coal men would replace gas levy by one on fuel oil.

RUMORS of an approaching revision of federal fuel taxes have been floating around in Washington; this week the plan (with principal proponents still refusing to be quoted) had jelled a bit. The proposition is that a new federal

tax on fuel oil, in place of the present federal gasoline levy, would ease anthracite coal's problems, might even help petroleum refiners in the long run, and would not increase motor fuel retail costs.

Despite the apparent advantage which anthracite coal would gain over competing fuels by such an arrangement, sober heads in the industry were leery, inclined to phrase their outlook this way: "Tax-levying bodies want to load taxes on here and there wherever they can make them stick. They might tax fuel oil, try it for a year, and retain it while slapping a nice new tax on coal next year."

If the present plan breaks out into the light of day, a hot fight between household oil and all fuels competing with it is in prospect. Mixed in with the general scrap between operators would be the powerful influences exerted by the miners' unions and other labor bodies. Such an outlook is disquieting to the fuel industries.

Anthracite operators, of course, make no bones about the difficulties of finding a profit under present conditions. Although the industry showed a slight increase in production during 1936 (about 5%), the sales were still a long way behind efficient productive capacity. A mild winter, plus bootlegging, plus active campaigns by fuel oil, coke, and natural gas, have hurt. The problem is aggravated by a five-day, seven-hour working schedule to begin in May.

Unusually early announcement of seasonal price cuts were excused as helpful for retail planning, but probably were pushed along by pressure of excessive stocks on hand. Some companies, low-cost producers, have been showing an inclination to quit carrying the price umbrella over the industry, and have cut prices 50¢ or more under the announced low rates.

Into this situation, the tax changes are due to plop. And where there's so much fuel, there may be a fire.

Nearing the Sitdown Showdown

Chrysler and other strikes alarm Detroit and stimulate national demand for action. Union officials lose control over unruly sitdown strikers.

DETROIT (*Business Week Bureau*)—Sitdown strikes, topped by the shutdown at Chrysler and high-lighted by the fear of general strikes, breakdown of law and order, and dislocations of business and private life, gave this jittery city a bad time this week. But they also speeded local and national unity of mind on what to do about it.

Business observers summed up the situation along these lines:

(1) Homer Martin's observations about Chrysler sitdowners, "We did not order them to sit down and we will not order them to come out," substantiated the earlier comment of *Business Week* that the C.I.O. wasn't interested in "cracking down" on that company as it had been in the General Motors strike. Other statements, some of them from the strikers themselves, showed all too clearly that what had been feared had come to pass—a major sitdown had got out of control even by the union.

(2) Hasty thinking and inflammatory speech by the workers hadn't furthered their cause; it had hurt badly. By moving out of the plants when first ordered to do so by the court, they still could have kept the factories from operating, because they undoubtedly represented a big majority of Chrysler employees. They would have gained backing from the public, in general, for peaceful and lawful action. But this week the public swung widely away from sitdown sympathy; the public was just plain scared, and wanted no more of it.

(3) Administration feeling, evident in sitdown censure from congressional members as well as by Gov. Murphy's moves for observance of law, took away still more support from the "one big union" drive.

Union Prestige Lowered

Net results of the week thus included a definite loss in prestige by the union, by the associated groups of labor in C.I.O., and by the movement which had been gaining ground rapidly through victories in steel and in General Motors. Many thoughtful business men were disappointed; a growing sentiment that industrial unionism might work out well, if handled by competent, responsible leaders, had suffered a severe setback.

On the other side of the slate, partly making up for the tough situation in Chrysler plants, were the smoothly-running factories of General Motors. But even an agreement between Chrysler

and its workers could not erase the fear which spread through Detroit this week; most of the people who had little or nothing to do with the strike felt as badly as they did during the bank holidays of four years ago.

Detroit Citizens Worried

When the time set by the court for evacuation of the plants passed, on Wednesday, rumors of a general strike ran through the city and would not be stilled. Many Detroit citizens hurried to stock up on canned goods and other non-perishable foods. Those who could afford to do so wondered if they should leave the city on vacation. Some thirty-odd strikes, in plants of all sizes, had hundreds of workers waiting and wondering when the whole thing would be washed up.

Bringing the strikes home to the visitor, the hotel service sitdowns added to the wide advertising which the city got during the week and which left the

country in no doubt of the seriousness of the epidemic. City and state officials, who never suspected that any real interruption of production would hit Chrysler, were dismayed—and frantic for a solution.

Because of all this, the public demand for a strong, workable "labor policy" and efficient administration thereof rose from Detroit this week and was echoed not only in Washington but throughout the country. Industrial unionism might be all right—but the question was bigger than that. Chrysler might need adjustments in wages, or working conditions—but the Chrysler scrap was only an example of the problem, and not the problem itself. Somehow, and soon, the average business man said, responsibilities of labor as well as of management had to be fixed and enforced. And, to quote a famous speaker—the time was now.

Definite action was indicated first in the Michigan legislature, which received a bill to prohibit sitdowns and to speed arbitration of labor disputes. Indecision was in the minds of most people, however, heightened by the fact that the Supreme Court had not spoken on the Wagner Act and that Congress had taken this fact as a good reason for marking time.



ONE FOR THE ALBUM—By and large, Walter Chrysler was as well liked by his men as any big boss in the automobile industry. He still is. But pictures like this haven't been available lately; the company's hopes for uninterrupted production smashed on United Automobile Workers' demand for exclusive bargaining rights.



Business Week

GOLDEN YELLOW—Four sodium vapor lighting projectors consume total current of only 800 watts per hour to flood with their characteristic golden yellow light the 12,000 sq. ft. facade of Westinghouse Engineering Bldg., Bloomfield, N. J. A. B. McKenna, engineer, who is inspecting two of the four projectors, estimates the illumination at 40,000 lumens and anticipates an annual cost under \$60 to floodlight building every night.

Board Assails Rand

Raises hot issue in condemning widely reported company program for strike settlement.

TUCKED away in the most recent report of the National Labor Relations Board, which had acted in 1,877 labor disputes up to Feb. 1 of this year, was an inconspicuous item: "973 workers were reinstated during January after strikes and lockouts." Everyone knew that the board wasn't particularly proud of this record, compiled by 21 regional offices, but no one was paying much attention to N.L.R.B. anyway, because the C.I.O. and General Motors were locked in battle, steel was still labeled "next," and it didn't seem that the board could claim even a baby spot.

This week, N.L.R.B. strode right into the main labor spotlight, smacked Remington Rand, Inc., with a 100-page rebuke for the way it settled strikes in six plants last year, and was promptly treated to a stiff jolt to the ribs as the company retorted it would not reinstate 4,000 workers as ordered and would combat the decision in court. And in this one test were packed nearly all the elements, pro and con, which have made the board and the Wagner Act creating it a major (and still unsettled) problem before the Supreme Court. (Incidentally, Washington thinks that N.L.R.B. timed its announcement in expectation that a Wagner Act decision would be handed down by the Court this week—and guessed wrong.)

Often Stalemated

Since it was organized in the fall of 1935, N.L.R.B. has peered into various industrial plants, has helped settle some disputes over employee representation, arbitration, and working conditions, and has been stalemated in many places by management which felt it was an unconstitutional agency, a partisan body, and a creator of dissension rather than a peaceful arbitration force. As of Feb. 1,

the board still had 422 cases pending, involving 410,746 workers.

Remington Rand and its strikes (which began last spring and lasted for weeks) were listed as one of these unsettled cases. The N.L.R.B. has been preparing its brief for a long time; when it finally released it the charges were so bulky that, by any measurement, the attack represented by far the most important move made under the act.

Setting the stage was Sec. Perkins' open letter to James H. Rand, Jr., inviting him to conference this week. Next day she heard from Mr. Rand; he would come to the meeting. Two days after that, the board blasted.

N.A.M. Report Cited

Into the mêlée was drawn the National Association of Manufacturers, which had issued a roundup story of the Remington-Rand settlement at Ilion, N. Y., in its labor relations bulletin of July 20 last year. N.A.M.'s account said the controversy was handled in constructive manner, and that Ilion had made a "real contribution to civic dignity." The board reported N. A.M. support of Rand labor policies was implied thereby; N.A.M. not only denied this but added that the board had tried twice to undermine the association's position.

All this posed a question before the general business community: Just how much restraint could be placed on any company which sought to settle labor troubles in its own shop, without violence, and with close regard for the laws and governmental policies of the community in which it does business?

The company in question this time—Remington Rand—put publicity and public relations departments under forced draft, built up a strong public opinion locally for its side of the controversy, sold its arguments on a basis of "the right to work," and got the plants running 100%. Many executives think it did a good job. The board emphatically disagrees.

C.I.O. Textile Plans

Hillman, leading union force, says he won't demand more than employers can pay.

"TEXTILES" is a broad term. In a dozen primary divisions—such as cotton goods, woollens and worsteds, and silks and rayons—the industry operates hundreds of plants, small and large, in as many different towns and cities. Add such classifications as men's furnishings, wearing apparel, felt hats, and knit goods, and the field becomes even broader. But it's all textiles, in a sense, and it all is going to feel the pressure of industrial unionism.

Hop-off time for the union campaign which aims to bring all textile labor under the flag of John L. Lewis and the Committee for Industrial Organization probably will arrive early next week. This week, Sidney Hillman of the Amalgamated Clothing Workers was still consulting lieutenants and setting up headquarters near the Amalgamated building in Union Square, New York. Conferring with union organizers in New England was Francis J. Gorman, head of United Textile Workers and associate of Mr. Hillman in the Textile Workers Organizing Committee.

Business is good for textile plants, and many executives think only serious and prolonged labor trouble will keep 1937 from equalling or surpassing the fine records of 1936. The industry has traveled over a rough and rocky road since the early twenties, remembers clearly the bad strike situation of late 1934, and hopes peaceful operations may be maintained in general this time. A few strikes were on this week—in Reading, Pa., hosiery mills, in a couple of men's clothing plants in the Chicago area, and in department stores here and there whose business of course ties closely in with textile sales. But the general situation over all was not so tough.

Hillman's Point of View

After 26 years in the business of organizing and directing labor unions, Mr. Hillman had no illusions this week about the difficulties confronting the T.W.O.C. as it selected the regional directors for its drive and directed its aim first at New England, then at the South. Mill managers and business men in all industry could gain some reassurance from the policies outlined by Mr. Hillman for *Business Week*. In an interview prior to announcement of the T.W.O.C. minimum objectives, he said:

"I never have been much of a believer in the idea of setting up 'demands' at a high peak, to use in bargaining for one's real objective, which may be much lower. We are trying to make an honest appraisal of what the employer can pay, and from that expect

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Consensus from textile centers this week was that the C.I.O., by naming Hillman to lead the drive, and by indicating the speedy reorganization of the United Textile Workers, had smoothed out some of its primary difficulties. Many employers remember the U.T.W. strike of 1934, led by Gorman, with extreme distaste because of the way it was run. Hillman is expected to proceed on a calmer, more business-like line.

Textile employment is at a high figure currently, the mills are running to capacity, and the production record for January and February as reported by the Bureau of Foreign and Domestic Commerce shows considerable gains over corresponding months for last year. Consumption has held fairly steady.

F. D. R. Ponders Labor Peace Plan

Considers sitdown strikes lawless but is undecided on machinery to end disputes. Also hasn't made up his mind on Richberg's labor standards idea.

WASHINGTON (Business Week Bureau)—Still without the crucial Supreme Court decision on the Wagner Act, President Roosevelt will return from Warm Springs to consider further strategy in the court battle and also the framework of his new program for straddling the Constitution.

The President had arrived at no definite plan for bringing industry and labor under the "guidance" of the government before his departure from Washington last week. Rivalry within the Administration in selling the President on various methods of approach indicates that none so far has received any token of preference. The so-called Richberg-Draper plan to enforce minimum wages and maximum hours (*BW*—Dec 19'36, p 11) by defining violations of the labor standards set up as unfair practice, had not yet been reduced to writing when Donald Richberg returned to Washington this week from a short vacation in Florida. Richberg's plan is regarded by its advocates as making a strong bid for the President's favor, as Richberg and Assistant Secretary of Commerce Draper honestly believe that it keeps within Constitutional bounds, and they argue that the President, by backing this plan, will show that he wants to abide by the Constitution and that his object in packing the court is not to force through unconstitutional laws later.

Unofficial confirmation is given, however, to reports that Benjamin Cohen and Thomas Corcoran, who have had their hand in practically all legislation written for the White House in the past, are not satisfied with the Richberg

In the words of *Textile World*, which surveyed the field from end to end in its annual Review and Forecast Number, "If the textile industry reached the same rate of activity in 1937 as it did in 1936, it would be putting on a swell performance. If it dropped off say 10%, it would still have a good year."

Point by point, the textile showing for 1936 was a humdinger. Mill activity measured on *Textile World's* index went up 18% above the 1935 mark, and 24% over the 1923-1925 average, which is taken as 100%. Sales of textile machinery and allied products to the industry last year topped 1935 by 27%, beat 1934 by 49%, and the manufacturers look for more gains in sales. Replying to a confidential questionnaire, 91% of the machinery makers said 1937 should be better than 1936.

plan. These bright young men now are working over their own ideas, but so far nobody appears to have any advantage. Sec. Perkins is developing proposals that, according to those who claim to be familiar with their terms, ignore Constitutional hazards. George Berry's Council for Industrial Progress has adopted a legislative program that is not regarded as a serious contender.

Industrial Peace the Goal

To the President's long-advertised purpose to win better conditions for labor now is linked an earnest desire to restore industrial peace. This is not obvious to those outraged by toleration of sitdown strikes, but in quarters close to the White House it is argued that the President has no legal authority to stop strikes; that his only power lies in the prestige of his office. This source also divulges that the President regards the sitdown strike as illegal and dangerous and that he is seeking to devise effective machinery to put an end to strong-arm methods by both labor and management and to encourage arbitration of labor disputes. The question understood to be perplexing the President is how to provide for an impartial tribunal, assuming that a standard arbitration clause is written into employer-employee contracts.

But all strikes do not fall in the same category in the President's mind, according to those who have discussed the subject with him. On the one hand, there is the strike by employees whose contract with their employer has lapsed or has been violated by the employer and who quit their jobs in protest or as a

weapon in negotiations and then peacefully try to dissuade other workers from taking their places. A strike to compel recognition of a bargaining unit also is regarded as legitimate.

Regarded by the President in a wholly different light is a strike violating an existing contract with an employer, accompanied by mass picketing in which bricks and bullets fly instead of arguments, or a strike by a small minority which throws an unwilling majority into idleness. The President is represented as holding that the sitdown is a plain trespass under the common law and under the statutory law of many states. This, despite White House pressure in the General Motors strike at Flint that won for John L. Lewis and his cohorts at a time when many felt that the strikers must surely lose.

The President is said to feel that the government is impotent and that the seed of anarchy springs from the present situation. It is a delicate situation to which the President is represented as giving mature deliberation for fear that any sudden word or move would incite to violence and bloodshed minds already inflamed by the zeal with which Lewis and the Committee for Industrial Organization are pushing their attack on one major industry after another.

The Administration realizes that beyond the breach of law and order in the C.I.O. drive is the certainty that the American Federation of Labor will



Harris & Ewing

DELAYED—Confirmation of Joseph P. Kennedy's appointment as chairman of the Maritime Commission was held up in the Senate Commerce Committee when he revealed he held securities in shipping concerns. Other appointments made by President Roosevelt to complete the commission's personnel are Thomas M. Woodward, Edward C. Moran, Rear Admirals Emory S. Land and Henry A. Wiley. Mr. Kennedy was the first chairman of the Securities and Exchange Commission.

not sit supinely by and watch Lewis seize the dictatorship of American labor but that the counter-offensive, already started, threatens to provoke a civil war in labor that may lead to physical clash or, at the least, to widespread jurisdictional strikes in which employers become innocent bystanders and the public suffers.

What G.M. Yielded

Union recognition is only big concession in agreement; on other points U.A.W. gave way.

DETROIT (*Business Week Bureau*)—To those manufacturers who may have to brush up against the Committee for Industrial Organization, the supplementary agreement signed last week-end by General Motors and the United Automobile Workers is revealing. On matters of minimum wages, hours, seniority, speed-up, and handling of grievances, the C.I.O. boys proved to be fairly reasonable. In fact they are said to have had to resort to a bit of steam-rolling to secure the pact's ratification by delegates from G.M. locals.

Probably the most important work done during the four weeks of conferences was the establishment of machinery for handling grievances. The worker must go first to his foreman. If he isn't satisfied, he can carry his case on up the line individually or refer it to a member of the union shop committee (each plant has a committee of five to nine members) who discusses it with the foreman or, if no agreement is reached, with the superintendent or employment manager. If the case still is unsettled, the entire shop committee may discuss it in conference with the plant manager.

From that point a disputed question graduates to the dignity of a conference between national union officials and the G.M. divisional manager. If the matter remains insoluble, it may be referred by mutual agreement to an impartial umpire.

Shop committeemen may spend part of their working time on union business, but at their own or the union's expense. Here is the rub from the U.A.W.'s standpoint: any group of employees, non-union as well as union, may have a shop committee.

In view of all the union's oratory on behalf of an annual wage and high minimum hourly rate, it is surprising to find the U.A.W. agreeing that it is impossible to set up a uniform minimum wage rate for all G.M. plants because of the variety of conditions under which they operate. Such rates are to be decided by local shop committees in conference with local plant managers. No mention is made of an annual wage, which the industry has contended is unworkable because of violent fluctuations in retail car demand.

Merit Group Recognized

Seniority rules recognize, as did the Wolman board two years ago, a "merit group" which, in the management's judgment, is essential to a plant's operation. Length of service is secondary in selecting members of that group. In case of a minor dip in output, the work week is to be reduced before any employee is laid off the rolls. For longer periods of reduced work, temporary employees (those with less than six months' service) are first laid off, then the work week is lowered before men of seniority rank are affected. If it becomes necessary to cut production sharply over a considerable time, straight seniority is modified to give preference

to employees with dependents. Twelve consecutive months of unemployment or a voluntary quit or a discharge breaks seniority, which is by departments or non-interchangeable occupational groups.

The so-called speed-up is declared a local matter. If workers claim their operations are timed too fast and the foreman is unable to adjust the complaint, jobs will be retimed. Incidentally the speed-up issue took less conference time than any other question, despite all the publicity rumpus raised over it. The local management is to decide day rates as against piece work according to employees' wishes. The corporation, indifferent as to which method prevails, is willing to use either. The general trend in the motor industry, however, is toward a straight hourly rate.

30-Hour Week Premature

Recognizing the country isn't ready for it, the union didn't press hard for the 30-hour week. General Motors is to continue to pay time and a half for all work over eight hours a day and 40 hours a week. Operating 45 hours a week in most plants today, it will remain on that basis throughout the spring peak.

There are to be no suspensions or stoppages of work until every effort to settle grievances has been exhausted, and in no case without approval of the union's international officers. This puts squarely on the union's shoulders the matter of stopping unauthorized sit-down strikes (18 have occurred in General Motors the past month). Notably absent from the agreement is any reference to shop stewards. Union officials are said to prefer shop committees of nine rather than 50 to 100 stewards in every plant; it is much easier to place responsibility and enforce orders.

Runs Until June 11

The agreement runs without modification of any kind until June 11, after which it is subject to changes or termination on 60 days' notice by either party. Within 10 days after notice is given, the other party must agree to the suggested change or arrange for a conference to talk it over.

Study of the agreement deepens the conviction that the overshadowing point won by the union is recognition and the chance to organize and enlarge its membership without fear of discrimination by management. The agreement also confirms the suspicion that the union probably never intended to push some of its demands too hard, using them only for trading purposes. Much of the grief in connection with labor relations is thrown back in the laps of local plant managers where General Motors said at the very start of the strike it should rest.



LINKED AGAIN—Another air route connecting the United States and Mexico was recently inaugurated by Ambassador Francisco Majera of Mexico (right), and Capt. Eddie Rickenbacher, general manager of Eastern Airlines, who checked the map just before the first airplane left the Newark, N. J., airport.

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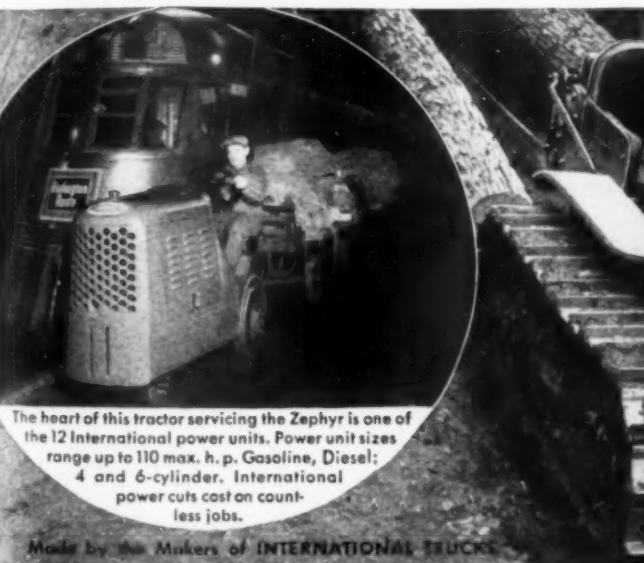
New York City added 300 International tractors to its snow-removal fleet this past winter. Since 1927 New York has put 600 Internationals into this service.



The smaller International wheel tractor, the I-12, a compact unit for fast service in cramped areas. Shown here hauling pulp paper from warehouse to shipside.



The powerful TD-40 TracTractor, a Diesel crawler, delivering performance, efficiency, and economy on a construction project.



The heart of this tractor servicing the Zephyr is one of the 12 International power units. Power unit sizes range up to 110 max. h. p. Gasoline, Diesel: 4 and 6-cylinder. International power cuts cost on countless jobs.

Made by the Makers of INTERNATIONAL TRUCKS

WHEN *Results* ARE NEEDED Specify INTERNATIONAL POWER

● Under cover, behind the scenes, off the beaten path, or maybe right out in front of you—International Tractors and International-powered Equipment on the job! A heavy share of the world's heavy work is handled more rapidly and more profitably with International Harvester cooperation.

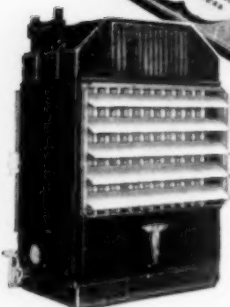
When you need mobile or stationary industrial power, call in the world's largest tractor builder. Call on our 35-year experience. See what our line of TracTractors (crawlers), wheel tractors, and power units can do to fit your needs exactly. See what our great network of service has to offer. International industrial dealers and Company-owned branches are ready to advise you on any power problem.

INTERNATIONAL HARVESTER COMPANY
(INCORPORATED)
606 So. Michigan Ave. Chicago, Illinois

At Left: The smaller TracTractor, International T-20, on a logging operation. Exclusive International design makes the TracTractors the most accessible, most easily serviced crawler tractors on the market.



INTERNATIONAL Industrial Power



TELLS WHY
INDUSTRIALISTS
CHOOSE

JANITROL

GAS-FIRED UNIT HEATERS

for Space Heating

● Janitrol Unit Heaters provide an efficient, trouble-free heating system flexible in meeting the changing requirements of modern industry. This is why thousands of factories, warehouses and other industrial and commercial establishments have adopted these independent, self-contained automatic unit heaters for complete or auxiliary space heating... Ideal for plant expansion... spot heating... or for auxiliary heat in offices when central heating is off in spring and fall.

Installation is easy... operation economical. Suspended from the ceiling... occupying no floor space... Janitrol Unit Heaters circulate warm air where and when it is needed in exactly the quantity required. See your Gas Company or any Janitrol dealer. Write for free booklet.

SURFACE COMBUSTION CORPORATION
Toledo, Ohio

Janitrol
GAS-FIRED UNIT HEATERS



Store Makes War on Price-Fixing

R. H. Macy & Co. retaliates against manufacturers who issue "fair trade" contracts. Uses ads and signs to rouse people against price-fixed goods.

WITH the formal declaration of war, served last week on national advertisers by R. H. Macy & Co., New York department store, the guerrilla warfare which has been the order of the day along the distribution front for months past develops suddenly into the long-predicted Battle of the Brands (BW—Feb 6 '37, p13; Feb 13, p17).

The Macy Plan

Its ultimatum, occasioned by the New York Court of Appeals decision sustaining the Constitutionality of the Feld-Crawford fair trade law (BW—Mar 13 '37, p20) minced no words. In full page newspaper space, it informed manufacturers that because the law opened the door to price-fixing by manufacturers—"and price-fixing means price-raising"—it intended to give customers a clear choice between products sold under fair trade contracts and the private brands on which the store alone dictates the price. This, Macy's announced, it would accomplish by identifying the first type of merchandise with the label "Price-fixed by the manufac-

turer or wholesaler under the Feld-Crawford New York law" and the second type of merchandise with the label "Macy's Own. Why Pay More? Quality Approved by Macy's Bureau of Standards."

This week, Macy's has carried its campaign one step further, placing extra merchandising and advertising support behind its private label goods, placarding the store with signs that take their theme from the product labels, and—most effective of all—putting price-fixed products and similar Macy merchandise side by side on the counters with appropriate counter cards to point

LOOK for THIS LABEL!



— IT MEANS QUALITY
AT A LOW CASH PRICE

NOT PRICE FIXED!

REPRISAL—Bourjois, Inc., won its suit against a Brooklyn druggist and secured thereby a decision which sustains beyond challenge the constitutionality of New York's fair trade law. But Macy's, the world's largest department store, is determined to make the victory a costly one for the cosmetic company and all other manufacturers who issue price contracts. Labels pasted right on the products, counter displays making price comparisons as direct as possible, and store signs are Macy's ammunition.

Business Week Photos



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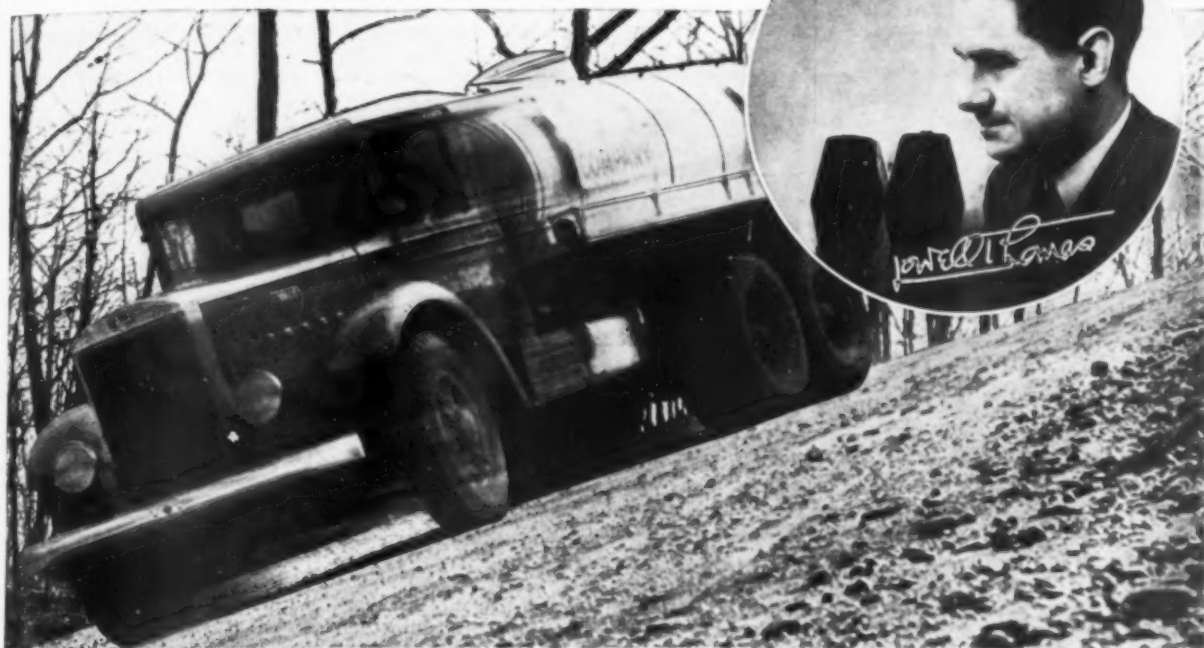
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"SLIPPERY ROADS BENEATH US.. 12 TONS OF MILK BEHIND US ... CURVES AHEAD"



by Lowell Thomas

"We had just topped the brow of Dead-man's Hill—not many miles from my farm in the Taconic Mountains. Down we started! A steep grade. A road slippery with mud. Sharp curves ahead.

"Here was one of the danger spots on that devil stretch through the mountains.

"I had visions of a skid. A blow-out. There were thrills at every curve. But to the driver, Larry Edwards, this mountain run is old stuff.

"He drives one of the 96 giant milk trucks owned by H. L. & F. McBride of Goshen, N. Y. They pound the highways night and day, seven days a week.

"On these runs a skid is mighty dangerous. A flat tire means an hour and a half lost. A blow-out...?

"Tire trouble used to come often. Too often for safety. But, they tell me, with Goodrich Triple Protected Silvertowns, they've never had an accident caused by tires! Not one sidewall blow-out!

850,000 MILES A YEAR

"Later I talked to H. L. McBride. He said, 'Our trucks travel about 850,000 miles a year. Loads are heavy. The country is hilly. Many roads are high crowned. But tire trouble is practically a thing of the past. Our Goodrich Tires average better than 58,000 miles.'

"There's a hauling job of the hardest kind—and there's a tire record that speaks for itself."

Lowell Thomas, world traveler, adventurer and farmer, found a new thrill in visiting this big scale trucking operation. He heard an amazing story of tire per-

formance. What's back of this record? Well, here are the facts.

Goodrich knows that 8 out of 10 premature truck tire failures are sidewall breaks. Goodrich decided to *do something* about it.

TIRES NOW TRIPLE PROTECTED

Engineers worked for months. Brought out a new invention—Triple Protection. Built into the sidewall, it keeps tires young. Lets 'em wear out S-L-O-W-L-Y instead of blowing out in a hurry.

Here are the three points of dollar-saving Triple Protection:

1. **PLYFLEX**—distributes stresses throughout the tire—prevents ply separation—checks local weakness.
2. **PLY-LOCK**—protects the tire from breaks caused by short plies tearing loose above the bead.
3. **100% FULL-FLOATING CORD**—eliminates cross cords from all plies—reduces heat in the tire 12%.

There's something for every trucker to think about. It means sure protection against unnecessary road delays. Good-bye to big repair bills. More mileage than ever built into a truck tire before.

For tire information see a Goodrich dealer or write The B. F. Goodrich Company, Akron, Ohio.



Goodrich Triple Protected Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

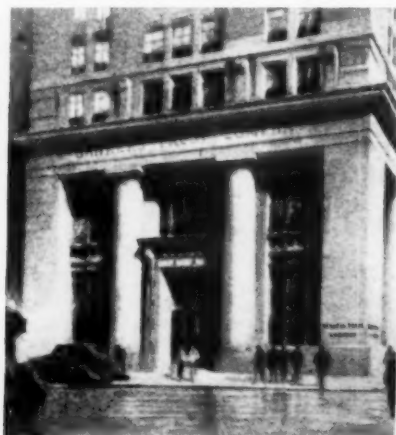
A TOWER OF STRENGTH



SIXTEEN WALL STREET



FIFTH AVENUE AT 44TH STREET



57TH ST., AT MADISON AVENUE

BANKERS TRUST COMPANY

NEW YORK • LONDON

Member of the Federal Deposit Insurance Corporation

the Macy moral. Thus far, of the more than 350,000 separate articles in the store, only about 200 are affected by the fair trade contracts. But in its campaign against the legislation, Macy's is making considerable capital out of the scant ammunition which it has immediately at hand.

Trade Feels Campaign

Already, the Macy campaign is making itself felt, according to trade reports. A number of liquor distillers and wholesalers jacked prices an average of 26% as soon as the New York Court of Appeals announced reversal of its previous decisions, but others, apparently conscious of how propaganda about price-fixing could endanger even further their precarious fight against local option laws and state regulation, are holding off price advances.

On Wednesday, book publishers who have fought valiantly for the fair trade law assembled for a policy powwow in New York, but increasing doubt about the wisdom of fair trade contracts has apparently broken their once solid front against Macy's and at least three of the biggest have privately said they would confine contracts for the present to one or two titles.

Drug manufacturers, whose support of the fair trade cause has been largely directed by the pressure of organized independents, took immediate advantage of the opportunity to issue and enforce price contracts, but, as a symptom of manufacturer sentiment, it is confidentially reported that at least two large producers who formerly refused to let Macy's handle their goods are offering no objection to their sale at Macy's now under the "price-fixed" labels. The assumption in the trade is that they are taking this means of quietly supplying additional ammunition to opponents of the fair trade law—a measure for which they privately have no regard.

Consumers Are Busy

While other distributors, notably the big New York department stores like Gimbel's and Hearn's, are considering ways of making similar reprisals against national advertisers, a movement is on foot among women's clubs and various consumer groups on behalf of a state law requiring the labeling (*à la* Macy's) of all products sold under price contracts.

Trade interests, speculating on the extent to which the fight may go, wonder if the New York decision may not prove a boomerang rather than a boon to passage of the Tydings-Miller federal fair trade law—particularly if the veiled threat of Macy's president, Percy S. Straus, to put the store's private brands into the national field, offering them to the public through non-competing outlets, should prove to have real substance to it.

Get Credit at Macy's

Customers will be able to do that—but they'll get it from Morris Plan, not Macy's.

"No one is in debt to Macy's."

The 80-year-old watchword of the world's largest department store still rings true, but for the first time in its history customers will soon be able to buy on credit at R. H. Macy & Co. in New York.

The store itself will handle no charge accounts, but credit for purchases will be extended right on the premises by the Morris Plan Industrial Bank of New York. A few details remain for final settlement, but in its main essentials the scheme, which has been a Morris Plan project from the beginning, is all ready for operation next month.

How the Plan Will Work

Following its conventional plan of financing, Morris Plan will issue letters of credit (\$200 minimum) at 6% interest per annum added on at the outset; the loans, secured by liens on purchases at Macy's, will be payable on a regular instalment basis. On making a purchase a borrower who has qualified under the plan will present his letter of credit for payment, and a special sales clerk will take the letter of credit together with one copy of the triplicate sales check to Morris Plan offices in the store. The financing company will immediately issue a draft, drawn to Macy's credit, for payment of the goods, and a corresponding charge will be made against the customer's letter of credit.

From the point of view of the store, which embarks on the venture with its fingers well crossed, the acid test of the plan is whether the increase in the sales of high unit price merchandise—notably electrical appliances—is sufficient to offset any nebulous loss in the effectiveness of advertising and merchandising appeals, principally its theme of "we sell for 6% less because we sell only for cash." That's why Macy's wants to emphasize the fact that the availability of Morris Plan loans is no departure from the straight cash policy. And Macy's figures that the best way to emphasize that fact is to say nothing and let the Morris Plan do all the talking. Hence there will be no great advertising fanfare—only a discreet circularization of Morris Plan clients for the time being.

The net of the whole situation is that Macy's is not averse to capitalizing on the rising popularity of instalment selling (it attempted to do that by a cooperative arrangement with Rex Cole, appliance distributor, a few years back) if it can accomplish that without the sacrifice of its reputation as the only big New York department store, except Hearn's, to sell strictly for cash.

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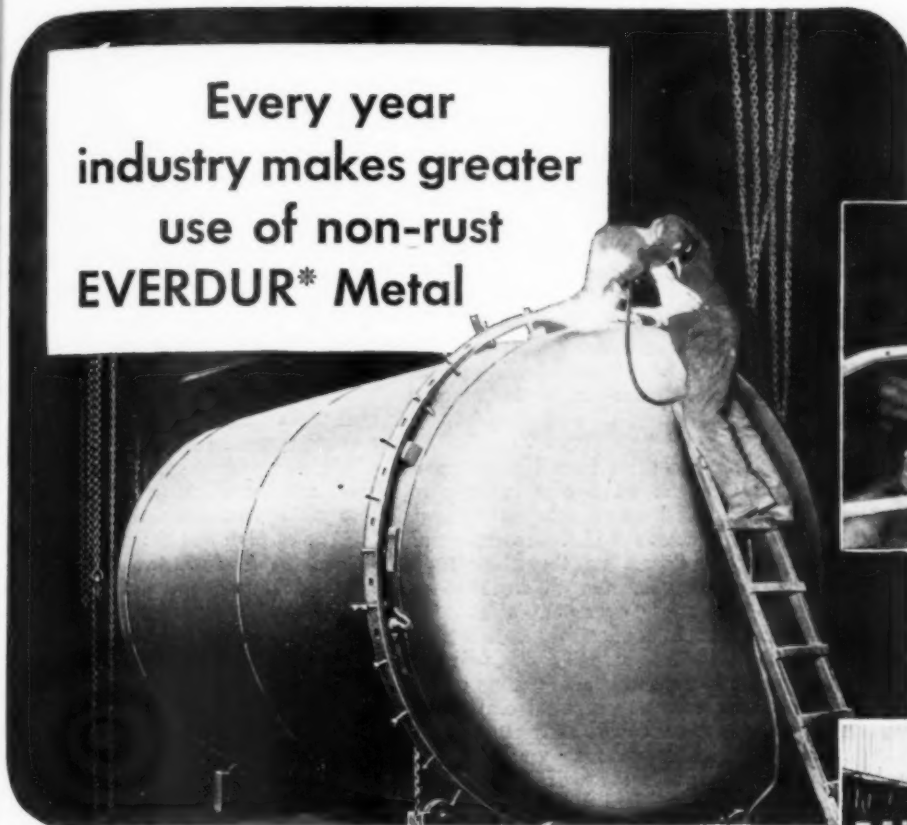
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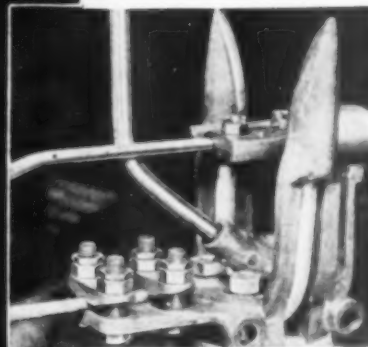
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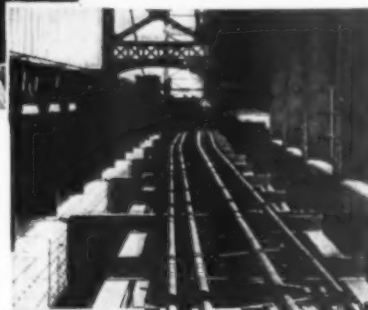
ANACONDA
from mine to consumer



This workman is "welding in" the head of a 10,000-gallon storage tank of rustproof EVERDUR Metal.



To guard against service inter-
ruptions and power failure, due
to rust and corrosion, many parts
of outdoor electrical equipment
are made of high-strength, cor-
rosion-resistant EVERDUR.



Built for permanence, the high-speed Rapid
Transit Line of the Delaware River Bridge,
connecting Camden, N. J., with Philadelphia,
utilizes 214,000 pounds of EVERDUR
Electrical Conduit.

This strong, corrosion-resisting metal is easily fabricated and moderate in cost

IN its selection of non-rust alloys, in-
dustry shows a constantly increas-
ing preference for EVERDUR. This
versatile metal is as rustless as copper
and as strong as steel! In addition,
EVERDUR is non-magnetic, highly
resistant to fatigue, readily workable
hot or cold, and is easily welded by
commonly used methods.

To this combination of desirable
qualities, add this important fact:
EVERDUR Metal costs less than other
types of high-strength, corrosion-re-
sisting metals! No wonder it has estab-
lished itself in practically every field
of engineering and manufacture.

If you are interested in a high-
strength, non-rust metal for any pur-

pose, investigate EVERDUR. It is
available in all commercial forms, in-
cluding plates, sheets, rods, bars, wire,
tubes and ingots for casting. Publica-
tion E-5 on request.

A few popular uses for EVERDUR Metal

- Hot water storage tanks.
- Electrical accessories for outdoor equipment.
- Nuts, bolts, screws, etc.
- Seamless pipe and tubes for con-veying corrosive solutions.
- Electrical conduit.
- Air conditioning equipment.
- Screens, gates, etc., in sewage treatment plants.



Millions of EVERDUR Bolts, Screws, and
Accessories are in daily use under a wide
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Everdur Metal

RUSTLESS AS COPPER • STRONG AS STEEL

THE AMERICAN BRASS CO., General Offices: Waterbury, Connecticut
Offices and Agencies in Principal Cities. In Canada: Anaconda American Brass Ltd., New Toronto, Ontario

* EVERDUR is a trade-mark of The
American Brass Company registered
in the United States Patent Office.

Oil and Air Show

New trends and rising sales are revealed for oil burners and air conditioners as makers hold joint exhibition and individual shows.

As evidenced by the 14th National Oil Burner and Air Conditioning Exposition, Philadelphia, Mar. 15-19, the trend in household oil burners continues toward "guns," or pressure outfits, and away from "rotaries" which atomize oil by centrifugal force. The "fire pot," first commercially successful type to open up the whole home oil burning field twenty years ago, is still built, but not to be found on exhibition. Commercial units, burning heavier fuels, stick pretty closely to pressure atomization. Though those in the know assign various reasons for the trend toward guns, two stand up on analysis: ability to burn heavier, and cheaper, oils; ability of smaller makers to secure more or less standard units for assembled jobs.

The trend in guns further subdivides into conversion guns, which stand on the floor with their muzzles trained into orthodox furnace fireboxes, and flange-type guns, built for mounting on the side, or on the front, or within the outer casings, of furnaces designed specially for oil firing. Conversion guns

still further subdivide into those with adjustable three-point floor stands and others with broad one-piece flat bases, the latter having increased in number during the past year. Salesmen prefer the more slightly flat bases; service men on the dirty end of installation prefer three-point; both like continuing trends toward vivid color and streamlining.

Rapid Rise of Industry

Never has there been better opportunity for the oil burner industry to ride an accelerating prosperity curve. Conservative as the U.S. Department of Commerce figures are, they show 196,877 oil burners shipped in 1936—a 41.7% increase over 1935's 138,899, and a 95.5% increase over 1934's 100,692. Oil burner salesmen will be further spurred to effective action by the knowledge that mechanical coal stoker gains were even more accelerated. The 86,080 stoker units shipped in 1936 represent an increase of 79.5% over 1935's 47,936, and a good fat 200% over 1934's 28,704.

Air conditioning is still another success story, though accurate comparative figures have been made impossible through a shift in the statistical basis employed by the Commerce Department. In January, 1936, the government statisticians began to compile reports of 98 manufacturers in the field as against the former 56. Thus to compare total air conditioning billings of \$43,566,678 in 1936 with 1935's \$17,126,765 borders on the fruitless. But, whipped by a unified sales call to install air conditioning before hot weather sets in, January, 1937, sales raced far above January, 1936, some say by more than 200%.

As to trends in air conditioning design, two stand out: more and more manufacturers house both heating and conditioning equipment in one colorful sheet-metal cabinet; more and more, recognizing that complete air conditioning comes high for the average householder, go in for the "split system," wherein living rooms and one or two bedrooms are fully conditioned, and the rest of the house left to get along on straight radiator or register heat, with an auxiliary attic fan to cool things off in summer.

The exposition proper did not tell the whole story. An important group of manufacturers, dissatisfied with one of the sponsoring organizations, bought space at Hotel Philadelphian for impressive private shows. Still another group, even more dissatisfied, decided not to exhibit at all.

KOPPERS

DESIGNERS BUILDERS PRODUCERS MANUFACTURERS DISTRIBUTORS



2,000,000 CUBIC FOOT GAS HOLDER ERECTED BY BARTLETT HAYWARD DIVISION FOR THE HUDSON VALLEY FUEL CORPORATION—This photo shows the center column type waterless gas holder built at Troy, N.Y. by Bartlett Hayward Division, Koppers Company, of Baltimore, Md. This gas holder incorporates proved and established features of safe, economic operation. Bartlett Hayward Division is the leading builder of both water seal and waterless gas holders, and has built a large percentage of the total capacity in the country.

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American Hammered Piston Ring Division
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Engineering and Construction Division
Gas and Coke Division
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Eastern Gas and Fuel Associates
Hiler Engineering and Construction Company, Inc.
The Koppers Coal Company
Koppers-Rheolaveur Company
The Maryland Drydock Company
The White Tar Company of New Jersey, Inc.
The Wood Preserving Corporation



Illustrated Book on Koppers sent to Executives on Request

KOPPERS COMPANY, PITTSBURGH, PA.

Japan Buys Our Trucks

THERE'S a sudden demand on the Pacific Coast for used trucks of the Ford and Chevrolet 1½-ton variety. Second-hand dealers in San Francisco and Los Angeles are scouring the country for jobs that have run less than 10,000 miles, haven't had cylinders rebored, and haven't been subjected to any other major repairs.

Reason: Japan wants trucks. Japanese truck manufacturers have instructed agents in San Francisco to rush them as many of the vehicles as possible. In Japan they'll be reconditioned, equipped with new bodies, and sold, according to the Nipponese manufacturers, "to supply the demand for trucks resulting from the progress of architectural and highway engineering." All of which means, say exporters, that probably they'll be used in connection with the current Japanese military highway program.

Used trucks dealers aren't worrying about the ultimate destination of the vehicles. They're greatly concerned over the scarcity of the supply. Due to the depression, they say, California owners of this type of vehicle apparently decided to run their jobs to the final mile, and dealers find few units available to fit Japanese specifications.

New Crack Trains

Lightweight 20th Century and Broadway Limited may cut time. Santa Fe buys 52 cars.

THREE major railroads, the New York Central, the Pennsylvania, and the Santa Fe, in pursuance of the railroads' general policy to give faster and more comfortable passenger service, made important news last week.

The New York Central and the Pennsylvania jointly announced that entirely new, lightweight, streamlined *Twentieth Century* and *Broadway Limiteds* would be placed in service between New York and Chicago soon. Officials declined to comment on plans to cut the running time, but this is expected to be reduced half an hour or an hour from the 16½ hours now required. The new trains will be built by the Pullman Co.

Samuel T. Bledsoe, president of the Santa Fe, told *Business Week* the road had ordered 52 lightweight, stainless steel cars, in addition to the nine cars previously ordered for the new, streamlined *Super Chief*, and the impending installation of streamlined Pullman cars on the *Chief*. The 52 new cars, ordered from the E. G. Budd Manufacturing Co., builders of the *Super Chief*, include 30 passenger coaches for use on the *Scout*, and 10 de luxe diners, six lounge cars, and six club baggage cars, for use on the *Chief*.

Thus the Santa Fe will have three extra-fine trains between Chicago and Los Angeles. Completion of the *Super Chief* has been held up by sitdown strikes in plants of companies supplying materials to Budd. The Santa Fe now expects delivery about May 1.



Business Week

FOR A SNACK—The Southern Pacific's "coffee shop car" on the new streamlined *Daylight* of the San Francisco-Los Angeles run, offers a wide range of light lunches for those who do not care to have meals in the regular dining car.

12,000 New Jobs for New England

MORE than 12,000 new jobs were created during the past five years in communities served by the New England Gas and Electric Association of the Associated System. These new jobs resulted from the location of 168 new concerns in these areas and the expansion of 311 already there. This activity was encouraged by a definite industrial development program, in which community organizations, the New England Gas and Electric Association, and the System's Industrial Development Division cooperated.

The textile, shoe, metals, and 200 other types of New England industries profit from that section's skilled labor, nearness to mass markets, fine tradition of quality, and general spirit of cooperation.

Full information about this area may be secured from New England Gas and Electric Association, Cambridge, Mass., or from our Industrial Development Division, 150 Broadway, New York.



ASSOCIATED GAS & ELECTRIC SYSTEM



Shaded Areas Are Principal Communities Served with Gas or Electricity by New England Gas and Electric Association.

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SPECIFY MODERN DROP FORGINGS — Always Stronger — Frequently Cheaper!



STRENGTH WITH ACCURACY

TO the traditional strength of the drop forging, the modern forge shop, equipped with Chambersburg Hammers, adds the closer tolerances, the lighter weight, and the freedom from excessive machining made possible by these ultra-modern hammers. Consult any Chambersburg-equipped shop.

CHAMBERSBURG ENGINEERING CO.
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STEAM DROP HAMMER

HAMMERS • PRESSES



ENTER CONSUMER GRADES—For rule-of-thumb methods and the fallibility of the human eye, hosiery inspectors will shortly substitute grading standards that are more nearly mechanical. The exact size and location of an imperfection will determine whether a stocking is a second ("irregular" is an optional term) or a third. Methods of knitting will determine the construction standard—A, B, or substandard. And producers who adopt the National Association of Hosiery Manufacturers' grading plan will label all hose which fail to meet top requirements with the appropriate grade of the eight (above) registered by the association

First Big Test of Grade Labeling

After three years of study and negotiation, the National Association of Hosiery Manufacturers adopts plans for marking grades on women's stockings.

THERE are three ways to sell goods. One way is to tell the buyer that the product is swell and let it go at that. That's advertising in its essence, and for unnumbered years it has done an adequate job. But when *swell* became *sweller*, then *swellest*, then something even more superlative, the buyer became suspicious and advertising adjectives lost their punch.

Another way is to tell the buyer that the product is swell because according to test it has this quality and that quality. Though it is also an old approach, this second sales method did not attain widespread use until the depression when stores and advertisers sought to buttress advertising appeals against declining consumer confidence. Testing laboratories flourished on all sides, but the consumer, bewildered by a plethora of conflicting guarantees, has come rapidly to the conclusion that what is one manufacturer's "tested grade A" is just another manufacturer's poison.

Out of that conclusion stems the increasingly insistent consumer demand for a general adoption throughout industry of a third method of selling

goods—a method whereby the buyer is given assurance (preferably by a tag or mark right on the product) that it measures up to such and such a standard of quality which is par for all other manufacturers of similar goods.

Although this technique of buying by standard or specification generally governs all industrial purchases—from lead pencils to turbines—not until this week has any industry attempted to adapt it to consumer needs. This week, hosiery manufacturers break the ice.

The plan to grade women's full-fashioned hose and to mark those grades right on the stocking isn't one that has mushroomed into actuality. Having germinated during the days of NRA and been carefully cultivated by Earl Constantine, managing director of the National Association of Hosiery Manufacturers, it finally reaches full bloom only after three years of painstaking effort.

The first problem was to obtain agreement on what makes a good stocking good—on the basis of what measurable factors one stocking could be declared first-grade, another substandard. The

opinion of big hosiery buyers and of consumers was solicited, and it became apparent that the standards committee of 21 hosiery manufacturers would have to contend with three different types of quality measurement: what quality of thread was used, how the stocking was knitted, and what happened to it in the knitting.

Construction and Inspection

The committee decided to concentrate on the last two aspects of the problem—standards of construction and standards of inspection—and to defer to a still later date recommendations covering approved methods of testing fabrics for stretch, abrasion, etc.

Standards of construction are determined literally by how much thread goes into a stocking, what type of thread it is, and how it is knitted. Thus, the new regulations provide that Standard A hose, knitted of 2-thread silk, 54-gauge, must contain not less than 1,620 rows of stitches from the top to the heel and must not have more than eight flare narrowings. Standard B requirements for the same gauge hose are 1,460 rows of stitches and a maximum number of ten flare narrowings; stockings of this gauge that fail to meet the B requirements are automatically classed as substandard.

Specific requirements govern the construction of hosiery of every weight and width down to service hose knitted of 12-11 thread, 39 gauge, where the Standard A specifications are 1,070 rows of stitches and a maximum of three flare narrowings. All construction specifications are based on a standard stocking length of 31 inches, and longer or shorter hose must measure up proportionately.

To Limit Human Error

Standards of inspection are designed to substitute mechanical measurement for fallible human judgment in grading the finished product as to quality and appearance. Certain defects in the material and others resulting from the knitting process cannot be avoided in the commercial production of hosiery, but the standards committee realized that the importance of those defects was determined both by how big they were and where they occurred in the hose. Consequently, a zoning system was devised for the guidance of factory inspectors.

In Zone IV of a stocking—the first 8 inches above the heel—no cast, slug, or other irregularity is permitted; any such defect automatically classifies the stocking as an irregular or second, whether it be of Standard A or B construction. In Zone III, the next 12 inches, no irregularity is permitted in sheer stockings, though heavy service weight hose may show a defect up to 1/16th of an inch. In Zone II, which

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runs up to the welt or top of the stocking, a greater tolerance ranging up to $\frac{3}{16}$ ths of an inch is allowed, while in Zone I—the top of the stocking which the Committee figured was not normally in view—virtually anything goes. A "sew-up" or defect exceeding $\frac{1}{4}$ of an inch any place in the hose automatically classifies the stocking as a third.

Agreement Forms Circulated

After finally disposing of all issues raised by competitive self-interest and gaining industry-wide approval of the standards, the national association this week is mailing out agreement forms for the signature of individual hosiery producers. Manufacturers will not be required to declare grades on hose that satisfy the Standard A requirements for both construction or inspection, but other hose will have to be stamped with the appropriate mark of the eight grade symbols which the association has registered with the Patent Office. The manufacture and use of transfers for stamping of the grade labels is controlled through the association's licenses.

Concurrence in the use of the standards is expected in a relatively short time from manufacturers representing two-thirds of the industry's total output. This will enable the association then to petition for adoption of its grading plan as a United States Commercial Standard which under federal law would make use of the system obligatory on all manufacturers.

Support from distributing interests, notably the National Retail Dry Goods Association, is expected to be a powerful factor in influencing widespread use of the standards soon. Meanwhile, the success or failure of the hosiery plan will be watched by other trade interests, principally in the fabrics and canning fields, where there has been a strong demand from consumers for the adoption of grade labeling. The New York City Federation of Women's Clubs has been demanding of retailers a declaration of woolen content in the purchase of all such goods. The hosiery experiment, however, is the first nation-wide test of the authenticity of the consumer agitation for a new deal in selling.

Sugar Tax Winning

Wallace's plan is expected to pass with little change. Refiners and importers clash.

SHARP criticism failed even to slow up the Department of Agriculture's new sugar program as hearings opened this week before an agricultural subcommittee in the House of Representatives. Sputtering opposition already had been pretty effectively wet blanketed by a voluminous statement from Sec. Henry A. Wallace who carefully marshaled the

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Mirror your personality in your letters, by mailing them on Hamilton Bond. Reflect a clean-cut personality by clean cut type on this whitest of white papers. Express stability on this sturdy crackling letterhead. It doesn't cost an extra cent.

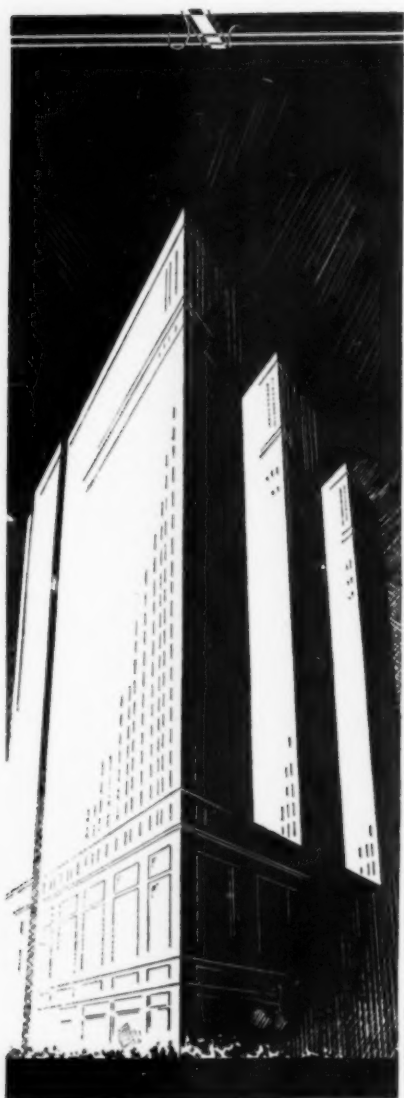
Hamilton Bond is born of the whitest paper pulp made—so white it makes other white pulps look gray. Its sturdy finish brilliantly supports printing, typing, and erasures.

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STATE STREET AT MONROE • CHICAGO

Edward T. Lawless, Manager

Administration's defense of the quota system and the arguments for the proposed tax of $\frac{3}{4}$ ¢ a lb. (BW—Mar 6 '37, p64).

Close observers confidently predict speedy passage of the pending bills with little, if any, modification. Chief hurdle is the reciprocal trade treaty with Cuba. That imposes a tariff of 0.9¢ a lb. on sugar imported from the island and allows for a tax of as much as $\frac{1}{2}$ ¢ in addition. It's a question now if Cuba will accept a tax of $\frac{3}{4}$ ¢ a lb. without a compensatory reduction in the tariff.

However, the bill's sponsors, headed by Wallace and congressmen from the beet producing states, are sticking to the $\frac{3}{4}$ ¢ tax. While the possibility of a compromise at $\frac{1}{2}$ ¢ is admitted, few feel that anything lower would be accepted.

Arguments Pro and Con

Opponents are divided into several camps. The American refiners were heard from last week when Earl D. Babst, chairman of American Sugar Refining, declared that the quota system "hands over to tropical refiners a share of the home market equivalent to the annual requirements of more than 13,000,000 Americans." He advocated that domestic markets be protected by allowing home refiners to process the nation's needs, drawing raw supplies, where needed, from offshore producers.

Importers of refined sugar bristled at the suggestion. P. A. Staples, head of Hershey Corp., asserted that the loophole for foreign refined sugar was the domestic market's protection against monopoly. Sec. Wallace, too, took sides against the domestic refiners whose profits previously have aroused his ire. Wallace declared that the trouble with fostering domestic production, by tariffs, is that competition gets too keen, while quotas hold down home production but protect producers' profit margins.

The present quota percentages are due, before long, to be challenged by congressmen from Louisiana and Florida. They are intent on getting higher quotas for cane growers in this country but have been pulling their punches so far as the Administration program is concerned. The warmth of their opposition, it is believed, depends on how much of the reduction in the Philippine quota is allotted to their home states.

Meanwhile, the sugar trade is gossiping over the possibility of Cuba being overlooked the next time quota increases are passed out. There is some suspicion that Washington isn't so kindly disposed toward the island under its new military dictatorship. Moreover, it is known that some of the other Latin-American countries would like to get a slice of the American raw sugar market, in return for which they would be expected to reduce their duties on United States manufactures.



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Semi-Annual Dividend
on Common Stock

NOTICE IS HEREBY GIVEN that a semi-annual dividend of 40¢ per share has been declared on the Common Stock of Atlas Corporation payable April 15, 1937, to holders of such stock of record at the close of business March 24, 1937.

WALTER A. PETERSON, Treasurer
March 10, 1937.

BUSINESS WEEK

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Subscription rate: \$10 for 3 years
BUSINESS WEEK, 330 W. 42d St., N. Y. C.

Curbing State Courts

Roosevelt's federal effort has echo in legislatures. Drastic bills are proposed.

ECHOES of President Roosevelt's shot at the Supreme Court and the federal judiciary are reverberating around state capitals where the local lawmakers are manifesting unwonted interest in the reform of state court systems.

For example, two "surprisingly drastic measures," both of which involve amendment of state constitutions, have been introduced in Pennsylvania and Washington, according to the Council of State Governments. The Pennsylvania measure would completely deny to state courts the power to invalidate acts of the General Assembly, and the Washington proposal would require the concurrence of two-thirds of the judges in outlawing any legislation enacted by the legislature or by initiative.

Wisconsin Follows Suit

The pattern of national action is virtually duplicated in Wisconsin where a strong move is afoot to apply the whole Roosevelt judiciary program to the state courts and where simultaneously state legislators are considering a bill for the pension of judges, à la the Sumner-McCarran federal act. The Wisconsin bill provides voluntary retirement, but only on half pay, for circuit judges who have served 15 years and supreme court judges who have served ten years. The bill provides, however, that retired judges "shall have the powers of a court commissioner, and shall perform such judicial or other public duties and functions as may be assigned to them from time to time by the supreme court."

Other States Have Plans

Arkansas, Louisiana, and Massachusetts already have voluntary retirement and pension plan in effect, and at least two other states are considering adoption of some such plan. Minnesota's bill specifies the age of 70, and half pay for all judges, while Delaware's proposed pension of \$150 a month would go only to supreme court judges more than 80 years of age who have served 12 years on the high state bench. Only Louisiana's existing law is as liberal as the new federal measure.

Much more common among the states are laws for the obligatory retirement of all state judges, with or without pensions, after a specified period of service averaging 8 to 10 years. Other states provide for retirement at a certain age, almost uniformly 70. In most states vacancies on all benches are filled by vote of the people and do not lie within the appointive power of either the governor or the legislature.

More power to your doctor



thanks to Bell Telephone makers

Your doctor can hear your heart beat more clearly today than ever before—with Western Electric's new Electrical Stethoscope.

Not much bigger than the doctor's "little black bag," this amazing instrument amplifies heart sounds up to 100 times the intensity obtained with an ordinary stethoscope. It also isolates and accentuates hard-to-hear murmurs—makes diagnosis easier.

The Electrical Stethoscope is closely related to your telephone—Western Electric's best known product. It was developed by Bell Telephone Laboratories as a scientific contribution to the medical world, which has given it a warm welcome.

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Western Electric

Leaders in Sound-Transmission Apparatus

The Natural

industrial center of the west

THIS is one of a series of advertisements based not upon our statements but upon letters from those who manufacture, live and work in Metropolitan Oakland.

"We selected Metropolitan Oakland for our plant because it was centrally located on the Pacific Coast, and had excellent rail and water transportation facilities, which have since been supplemented with air transport. San Francisco Bay, which joins with Metropolitan Oakland, is the Gateway of the Orient, where, without doubt, lies the future's most fertile field of export trade for Western Industry.

"Valleys rich in products of the soil flow into Metropolitan Oakland, and within a few hours' ride great forests and mines offer their wealth.

"...good working conditions all the year 'round, which draw a high class of labor...ample water, fuel and electrical power at low cost."

ARTHUR L. SMITH, Production Manager,
The Sherwin-Williams Co. of California.

And the vice-president and managing director writes:

"...our manufacturing units are located at strategic points. For many years all of our products sold on the Pacific Coast were brought across the continent from our large eastern factories, located at Detroit, Newark, Cleveland and Chicago.

"...the writer made a comprehensive survey of available factory sites to fit



Portion of Fleischmann's Yeast plant of Standard Brands of Calif.

our peculiar needs and finally selected Oakland as the ideal location. Some of the favorable factors were:

"Its ideal location in the Metropolitan center, with a population of 1,500,000, and a greater market, including the 11 western states, with more than 12,000,000 population.

"...a natural port of entry to the Hawaiian Islands and the Orient...a perfect climate (permitting year-round manufacturing operation), a plentiful supply of labor, and ample land for industrial and residential expansion, moderately priced."

L. W. WOLCOTT,
Vice-President and Managing Director,
The Sherwin-Williams Co. of California.

A rare combination of advantages

"We wished to maintain only one warehouse west of the Rocky Mountains...a shipping point that would be most nearly at the geographical center of the Pacific Slope trade terri-

tory...ample transportation facilities, not only rail and water, but motor transportation as well...a densely populated community which has a back country so rich and productive and so vast in extent that a steady growth of commerce would be insured...highly desirable that land and attractive homes be reasonable in price, the climate mild and uniform, and schools of the best.

"Metropolitan Oakland offered a rare combination of all these advantages."

J. A. HAMMOND, Superintendent,
The Aluminum Cooking Utensil Co.

If your company is considering a western factory or branch tell us your requirements, in confidence of course, and we will supply you with information to help solve your problem.

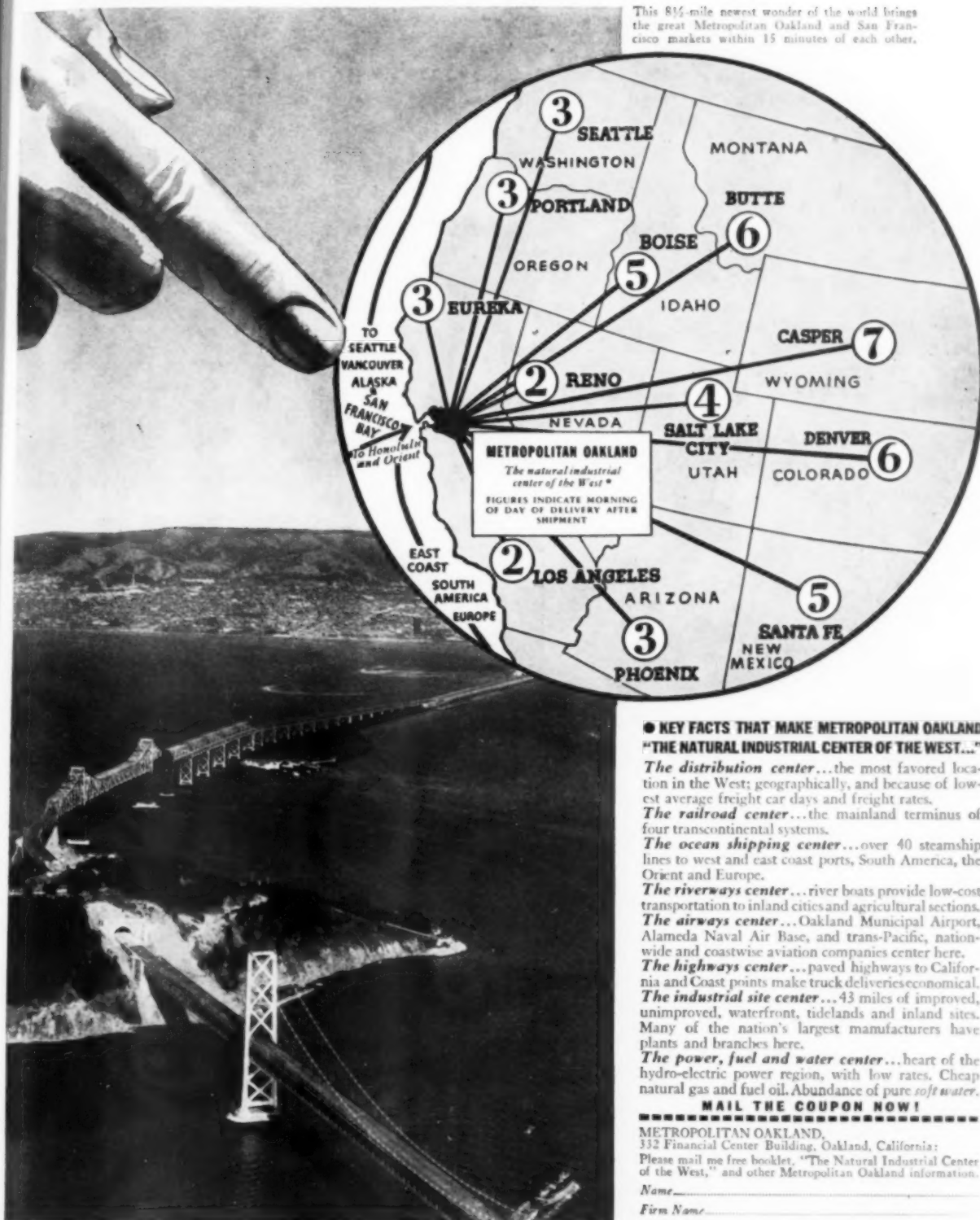
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The distribution center...the most favored location in the West; geographically, and because of lowest average freight car days and freight rates.

The railroad center...the mainland terminus of four transcontinental systems.

The ocean shipping center...over 40 steamship lines to west and east coast ports, South America, the Orient and Europe.

The riverways center...river boats provide low-cost transportation to inland cities and agricultural sections.

The airways center...Oakland Municipal Airport, Alameda Naval Air Base, and trans-Pacific, nationwide and coastwise aviation companies center here.

The highways center...paved highways to California and Coast points make truck deliveries economical.

The industrial site center...43 miles of improved, unimproved, waterfront, tidelands and inland sites. Many of the nation's largest manufacturers have plants and branches here.

The power, fuel and water center...heart of the hydro-electric power region, with low rates. Cheap natural gas and fuel oil. Abundance of pure soft water.

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Please mail me free booklet, "The Natural Industrial Center of the West," and other Metropolitan Oakland information.

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Firm Name.....

Address.....

City and State.....

AND THE COUNTRY COMMUNITIES OF ALAMEDA COUNTY

OAKLAND *California*
famed University of California

Urge Low Tax on Dime Cigarettes

Federal Trade Commission wants a rate based on price, to replace the fixed tax of 6c on a pack of 20. Says Big Four monopoly should be checked.

WASHINGTON (Business Week Bureau)—A graduated tax on cigarettes, a proposal spiked by the Big Four makers three years ago, is revived by the Federal Trade Commission. The object is to give the dime brands a break and thaw out effective price competition of which the commission has no hope so long as the aggregate bus-

iness of Chesterfield, Camel, Lucky Strike, and Old Gold is of "monopolistic proportions."

The commission concedes that separately, no one of the Big Four manufacturers is in a monopolistic position, but it argues that a differential, based on price rather than weight, in the tax now uniform at \$3 a thousand, should

encourage production of cigarettes in varying price brackets, thus paving the way for wider competition redounding to the benefit of leaf growers. The commission's concern for the tobacco farmers is explained by the fact that its inquiry into the cigarette business was made in conjunction with a broad investigation by Congress into the spread between crop prices received by farmers and prices paid by consumers.

Dimies' Depression Record

The helping hand that the commission would give the dime brands is nerved by its admiration for the stiff battle that, despite the tax handicap, they were able to give the Big Four in 1932. Following a boost in the price of the leading brands from \$6.40 to \$6.85 per 1,000 list price in June, 1931, sales of dimies at \$4.75 list price leaped from 1% to 22% of total cigarette sales by November, 1932 — from 32,000,000 to 1,734,883,060 (September, 1932). Two successive cuts by the Big Four early in 1933 brought their price down to \$5.50 (retail 10c by some chains and independents; 11c by others.)

Sales of dime brands dropped to 6.5% by May, 1933, but it was not until January, 1934, that the Big Four jacked up their price again, to \$6.10, which has continued to date. These circumstances suggest to the commission either that the price of \$6.85 was exorbitant because of lack of competition or that the subsequent reduction was below cost, for the purpose of checking if not destroying the growing competition of the 10c brands.

By November, 1933, dime brand laws, restrictive state legislation, and further federal interference. Meanwhile, with W. Forbes Morgan as its elected czar, the industry moves toward a general cleanup of its advertising.

"HOW YOU CAN GET A BETTER JOB!"

Says JULIUS KESSLER—As proved them at the Whittingham Hotel
"Here are two stories of men who have stopped ahead by being thinking. Read them. They'll help you."

These two stories of success prove it pays to have a bright, keen mind every minute.
So, watch what and how you drink. Take it easy and drink a friendly whiskey that's easy on you. I found my whiskey especially for men like you, who drink smartly and want to stay ahead better. It's low-tasting and rich, and it's 80-proof. You'll find it handy and useful.

Drink my whiskey moderately, at the bar, or with friends at home. Be up bright and early the next morning, ready to do the best of work that'll get you the better job you're hoping for.

Try a glass of Kessler's. It costs little, but if it doesn't satisfy you in every way, tell me where you bought it, and I'll see you get your money back.



80c PINT

KEEP KEEN! KEEP TO KESSLER'S!

Available at all Pennsylvania State Liquor Stores

CROSS SECTION —
In one month Seagram's runs the gamut of liquor advertising. Copy placed by its Kessler subsidiary last month drew down the wrath of Federal Alcohol Administrator W. S. Alexander who charged violation of the liquor act of 1935 and threatened license revocation. According to trade reports, the development of its Calvert "clear head" theme is under governmental scrutiny, lest it skirt too closely the ban on therapeutic claims. Last week's institutional insertion for the House of Seagram is generally regarded as the type which most effectively can forestall the threat of local option laws, restrictive state legislation, and further federal interference.

Don't be the "goat" ...tomorrow!

The old goat says, "My son, be wiser. And don't let last night get your money. Take my advice—you'll not regret it! Use moderation. Don't forget it!"



Let tonight's glass "savour tomorrow... and tomorrow, your mirror won't reflect badly on tonight! Show good judgment... in the whiskey you choose, in the way you use it. Call for CALVERT. Enjoy it as a gentleman should—moderately! Have a pleasant evening, and—equally pleasant memories in the morning. Call for CALVERT!

CLEAR HEADS CALL FOR Calvert WHISKIES



WE DON'T WANT BREAD MONEY

Liquor is a luxury—one of the good things of life, to be bought and enjoyed only after the necessities are provided. Whoever needs bread for himself or his family, should not buy whiskey.

The persons we want for our regular customers have definite incomes and definite obligations. They do not exceed the one nor neglect the other. We make sales to such persons with a clear conscience because Seagram whiskies are well worth all they cost, to those who can afford the luxury of modern life. We don't

want to sell whiskey to anyone who buys it at a sacrifice of his necessities or decisions. Again we say, we don't want bread money! Nor are we being childish. The House of Seagram counts customers for sense and moderation for all because such conduct is good business. We can build abiding prosperity only by the repeat orders of our wise friends. Seagram Whiskies. House of Seagram.

THE HOUSE OF SEAGRAM

YORK HAS BECOME "HEADQUARTERS FOR AIR CONDITIONING" BECAUSE OF THINGS LIKE THESE



So far there is no such thing as a cure for the "common cold." But medical science has not relinquished its search for it. On the assumption that worthwhile clues in studying certain phases of the malady might be uncovered if atmospheric temperature, humidity and velocity of air motion were held constant, scientists at the University of California Hospital recently made a forward-looking experiment.

Picture 24 chronic cold sufferers, who average 5 or 6 colds a year, confined together in a room. Introduced into this susceptible gathering was a person suffering from a common cold. He sneezed at will. The others used his drinking glass. The thermometer with which temperatures were taken was not washed. The whole group actually was inoculated with nasal secretions direct from the cold subject. In the interest of science they tried to catch his cold. No measures of prevention were used except the room was perfectly air conditioned . . . temperature was controlled within limits of 1°, humidity within 2%.

To date, the result of this experiment has added a tiny store of new knowledge to the body of facts already

amassed in the fight against the common cold. But the end is not yet . . . so science searches on!

York is proud to have played even the humble part of having supplied the air conditioning equipment for this experiment. The installation differs in no respect of engineering from the other 60,000 York installations in operation today.

Whether you own the smallest store on your street or the largest building in your city, York Headquarters Branches in every important center of demand stand ready to help you. York Ice Machinery Corporation, York, Pa. Headquarters Branches throughout the World.

There are a few selected territories in which there exists an opportunity to represent York as a distributor of air conditioning and commercial refrigeration. If you are interested, write us as to your qualifications and ask for this book. Address Mr. S. E. Laner, Vice-President, York Ice Machinery Corporation, York, Penna.



YORK Headquarters for Mechanical Cooling since 1885
AIR CONDITIONING and REFRIGERATION

sales had recovered to some extent and since then have averaged about 11% of total sales.

"Many consumers," the commission notes, "have demonstrated their willingness to accept the quality of the less expensive brands to avoid paying a 25% higher price. The continued existence and availability of those brands can be furthered and they can be placed in a more secure competitive position by relieving them in some measure of their disproportionately heavy tax burden."

Pointing out that the dime brand makers apparently introduced them at the lowest price possible, as the original price was never cut in response to the reductions in the Big Four brands, the commission believes that their ultimate success or failure depends in some

measure on the government's tax policy. The net return to the manufacturers of the leading brands is given as \$2.38 per 1,000, exactly double the \$1.19 return on the 10¢ brands. The retail price differential, 12½¢ to 10¢, between the two price classes is not nearly so great proportionately as the net return differential, as the uniform \$3 tax represents 126.05% of the net return on the popular brands and 252.1% on the 10¢ brands.

In 1934, Brown & Williamson, the leader in the 10¢ field, and Axton-Fisher asked Congress for a graduated tax that would recognize the difference in prices, as in the tax on cigars. They proposed a tax of \$2.70 per 1,000 cigarettes on which the manufacturers' net selling price including tax does not exceed \$4.10. This would mean a 10%

decrease in the present tax rate on the dime brands, with no change in the tax on two-for-25¢ brands. It was strenuously opposed by the Big Four which are suspected by the commission of charging all that the traffic will bear. The competitive effects of a graduated tax are conceded by the commission to be "somewhat speculative because of the thorough control of the cigarette industry now concentrated in the hands of a few manufacturers but appears worthy of careful consideration."

As for opponents' argument that the leading manufacturers would be compelled to curtail profits to meet 10¢ competition and would, therefore, be unable to pay a fair price to leaf tobacco growers, the commission finds no evidence of a disposition to pay a higher price than competition makes necessary. As witness it states that when the prices of the Big Four brands were at their highest, the farmers received the lowest prices for leaf which have been paid since 1915.

Just published—

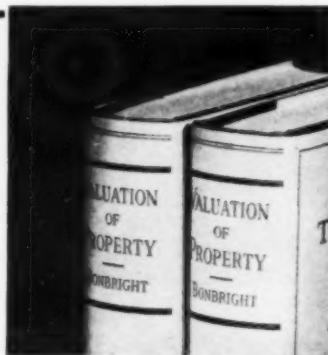
THE VALUATION OF PROPERTY

A Treatise on the Appraisal of Property for Different Legal Purposes

By JAMES C. BONBRIGHT

Professor of Finance, Columbia University

Two volumes, 1270 pages, 6x9
Price per set—\$12.00



Published under the auspices of the Columbia University Council for Research in the Social Sciences

THIS remarkable report is the result of a ten-year study conducted under the direction of Professor Bonbright for the Columbia University Council for Research in the Social Sciences.

Part I considers the problem of defining "value" in economics and in law.

Part II takes up the various methods of valuation that are applied by appraisers and the courts, with separate chapters on the actual sales, original cost, replacement cost, depreciation,

and capitalized income, as measures of value.

Part III treats of the special principles of valuation that are accepted by the courts in different fields of law.

The book explains existing precedents and in many cases presents Professor Bonbright's opinion on their merits pertinently and sharply.

The concluding chapter, in addition to summarizing outstanding points of the treatise, brings the study of valuation cases to bear on that much disputed issue of "functionalism" versus "conceptualism" in legal thinking.

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McGraw-Hill Book Co., Inc., 330 W. 42nd St., N. Y. C.

Send me Bonbright's *The Valuation of Property* (2 volumes), for 10 days' examination on approval. In 10 days I will send \$12.00, plus few cents postage, or return books postpaid. (We pay postage on orders accompanied by remittance.)

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BW-3-20-37

U.S. Bibs More Wine

Consumption last year doubled that of '34, and California vintners expect increase.

FIRST in the order of business for the California wine industry, preliminary to vigorous sales efforts, has been a survey of where the industry stands, how big it is, how much wine America consumes, proportion of production to consumption, and other related data. On the findings, the merchandising program will be based.

For several months, since last year's crop of grapes began rolling to the wineries, Wine Institute researchers have queried, delved, correlated. Last week they divulged a few results.

California Big Supplier

United States consumption of all wines last year (foreign and domestic) was double that of 1934 and reached 60,900,000 gal., an increase of nearly 15,000,000 over 1935. It exceeded the highest pre-prohibition year, 1912, by some 4,000,000 gal., and California vintners supplied about 88% of it.

Sales of California wines are running 37% ahead of last year (1936), and the institute looks for a 60,000,000-gal. sale before next Christmas; it believes Americans will drink about 67,000,000 gal. (including foreign wines), this year.

The American trend toward what the institute calls "the adoption of wine as a temperate table beverage" is shown by the increase in annual per capita consumption from less than one quart in 1934 to nearly half a gallon in 1936. In consumption of all wines last year, California led with 21,000,000 gal.

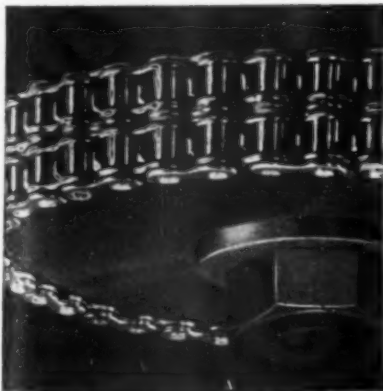


**But think, man,
a 1000°
temperature**

Even 5 years ago such a temperature stopped all thought of low cost continuous conveying.

An engineer with the temerity to recommend roller chain through baking ovens or annealing furnaces at even half that temperature was asking for trouble, and getting it, too.

But progress in roller chain design was accompanied by progress in metallurgy, and today there are alloy steels available which will withstand such temperatures indefinitely and which are used in roller chain construction.



BALDWIN —

Auto Steel Price Cut

Cold-drawn carbon steel bars get Detroit base price, but other steel items don't.

THE question of Detroit base prices on steel products made in southern Michigan has been dragged out into the open again by establishment of a Detroit base for cold-drawn carbon steel bars at \$59 a ton, or \$1.50 a ton less than at Pittsburgh, Cleveland, Buffalo, and Chicago. This action was taken by Rotary Electric Steel Co. which operates a small mill at Detroit. Competitors have fallen in line. The main reason appears to be to head off consumers from buying the hot-rolled product and installing equipment to do their own cold drawing, a policy which the wide spread between prices of hot and cold drawn bars has encouraged.

It doesn't seem likely that the change in cold-drawn bars will be followed by similar action in other products, such as sheets and strip. Auto makers have long had an advantage in that an arbitrary freight rate to Detroit, lower than the actual rate paid by steel companies, has applied to chief steel items which they buy. A Detroit base favors Ford and Chrysler as against General Motors, which has most of its plants in Southern Michigan outside of Detroit. A remedy for that might be some plan for equalizing the freight so that the Big Three stay on even terms.

Make Safer Glass

Lighter than regular shatter-proof glass, it can resist a much stronger blow.

SHATTER-PROOF glass, familiar to everyone who looks through a modern windshield, is made like a sandwich—a couple of layers of silicate glass stuck together by a thin filling of celluloid film, cellulose acetate film, or polymerized film. The glass will break, but the pieces stick to the binder. Now a German firm is making something different, as reported in *Chemical & Metallurgical Engineering*. Its product has an organic base (polymerized methyl ester) instead of silicate, is lighter than regular shatter-proof glass, and according to tests will stand 8 to 10 times the blow. When it cracks, the edges aren't sharp.

The new glass can be tooled like wood or metal, can be cut, carved, etched, engraved, turned, ground, and polished, and two pieces can be welded together without leaving a seam, says the engineering journal. The name is "Plexiglass" and it is impervious to gasoline, oils, fats, wax, air, gas, or acids—but benzol, chloroform, and alcohol will dissolve it.

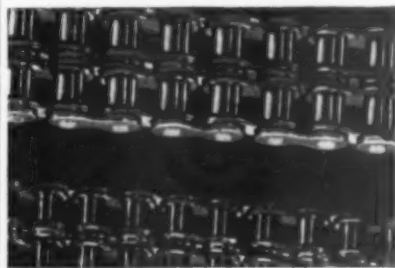


**Just why I say
Roller
Chain**

"We've recently installed a stainless steel roller chain conveyor through an annealing furnace at 1200° and it is operating perfectly."

High speeds, as well as high temperatures are attributes of modern roller chain drives. Baldwin-Duckworth engineers are frequently installing power transmission drives which exceed 3000 ft. per minute, and end for all time the headaches that arise from the stretching, slipping and power losses which are inevitable with less efficient, less positive forms of power transmission.

Put your problem up to the engineering department, no obligation. Baldwin-Duckworth Chain Corporation, Springfield, Mass.



DUCKWORTH

Is England less magazine conscious than America?



THE UNITED STATES has a population of 128,000,000*. The "Saturday Evening Post" has 2,700,000 circulation†. It reaches approximately one family in every ten.



ENGLAND has a population of 46,000,000. The "Radio Times" has 2,800,000 circulation. It reaches approximately one family in every four.

Here is an English magazine with *three times the coverage* of the *Saturday Evening Post*

Make sure you have the
"Radio Times" on your list

ON SEPTEMBER 28TH, 1923, the British Broadcasting Corporation issued the first number of the "Radio Times." It was an instant success.

Today, after thirteen years of steady increase, the "Radio Times," selling at two pence a copy, has a guaranteed average circulation of 2,800,000 copies per week.

What is the reason for this success?

The "Radio Times" satisfies a real need. Published by the British Broadcasting Corporation—which controls every radio station in Great Britain—the

* 1936 estimate Bureau of the Census † Rate base

"Radio Times" is the only publication allowed to print the full details of the entire week's radio programme in advance. This means that every issue of the "Radio Times" is read day by day for a whole week.

And who reads the "Radio Times"? People who have money to spend. Actually more than 1,000,000 families with incomes over £4 a week take the "Radio Times" every Friday. This is more than any other publication in Great Britain.

If you are selling in the British market, then you should be advertising in the "Radio Times." Write for full information to: The Advertisement Director, British Broadcasting Corporation, Broadcasting House, Portland Place, London W. 1, England.

RADIO TIMES

GUARANTEED AVERAGE NET WEEKLY SALES, 2,800,000

Members of the Audit Bureau of Circulation

Plane Engine-Cannon

Fairchild company is developing an H-type military device, useful in resisting bombers.

WITH the news that Fairchild Engine & Airplane Corp. is getting along with the development of its 24-cylinder, 1,000 hp. cannon-firing military aviation engine, it can be imagined that the master minds of the United States Army General Staff will be considerably relieved. It is no secret that, as bombers have developed in range and speed, the margin of pursuit-plane speed over bomber has dropped from 50% in 1916 to 25% or so. This means that tiny one-seaters would be hard put to it to come within the 150-200-yd. effective range of machine gun fire and get away with a whole skin.

"Cannon" (0.91 caliber, to be sure, but still cannon) produce flat trajectories which should be effective under conditions of aerial combat up to 500 yd. As far back as the Great War, France employed a 37-mm. single-shot cannon; though it laid one or two enemy planes low, it was abandoned in favor of the quick-spitting machine gun. But since the war France has backtracked to cannon, this time with a 20-mm. firing 280 of its 7- or 8-oz. rounds a minute through the bored hub of the geared propeller of the Hispano-Suiza V-type 12-cylinder "Moteur-Canon" engine. Here the quick-firer lies in the engine's 60-deg. "V."

Double Twelve Engine

Fairchild's new engine is something else again, being H-type, 24-cylinder. In effect it is two vertical 12-cylinder opposed engines mounted side by side with separate crankshafts geared to the propeller shaft. This shaft, suitably bored, lies above the cross bar of the "H," so to speak, and provides the mounting for the cannon. The engine is something like what the 16-cylinder English Napier "Rapier" and the 24-cylinder Napier "Dagger" would be with the cylinder banks more widely spaced to permit mounting of cannon.

It is not to be supposed that the English have failed to note the availability of this type of engine, but the English War Ministry is cagey about announcements.

There are so many advantages inherent in the H-type that it cannot be passed by with a shrug. Even present-day cannon fire projectiles weighing 20 times the mass of an ordinary machine gun bullet. Machine guns "firing through" whirling propeller blades frequently get out of synchronization, with disastrous consequences. Above all the H-type engine presents about 40% less frontal area than radial engines of the same power, with all that means to effective streamlining and sheer speed.

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If Boss Hires Nurse

Money is saved and efficiency improved by employers' nursing staff, report shows.

EMPLOYERS who speculate on the value of industrial nursing—hiring a nurse or a staff of nurses to keep regular check on employees' health—were offered some facts and figures this week which seemed to be worth their close scrutiny. Coincidentally with its 25th anniversary celebration, the National Organization for Public Health Nursing told the story of several firms which had installed the service, and offered to send a consultant to talk to interested business men.

Generally speaking, the industrial nurse is primarily concerned with illnesses and consequent layoffs of employees. The Chemical Bank & Trust Co. of New York, used by the association as an example, reported 485 absences in March, 1934, before the service was installed, and 306 in March of the following year. In savings figured at an average salary of \$4 a day, the bank was \$2,012 ahead for the first four months of that year.

Increased Efficiency Is Aim

That, however, is not the strongest point stressed by the association. Increased efficiency is the aim of industrial nursing, through regular checkup of employees and encouragement of the below-par worker to get the tonsillectomy, or appendectomy, or whatever he needs, done. In the long run, the company gains, even though the employee is absent a short time. Home visits are a regular supplement of the usual industrial nursing plan; and advice on proper meals, clothing, and home living conditions is given to each employee.

To date, only large companies have been able to keep such a regular service going, however, and the offer of special consultant's advice may aid the smaller firms to install part-time plans.

Egyptian Radio Education

EGYPT is mulling over a plan to bring education to her masses via radio. The government proposal would widen the consumption of knowledge by installing loudspeakers in schools and suitable open spaces. Instruction would come from a central studio. Broadcasting in Egypt is under state control. Adoption of the plan would stimulate demand for receiving sets. The country has now about 55,000 licensed sets, an increase of 10,000 for the year. American sets are said to be most popular. Heaviest demand is for socket power short wave receivers, though sales of battery sets should improve as interest of hinterland listeners is stimulated.



"OUR WACO DELIVERS INVALUABLE SERVICE"

● "Our new Waco is a remarkable airplane, and a real asset on our books!" writes Wm. B. Stokely, Jr., President of Stokely Brothers & Company of Indianapolis, growers and canners of vegetables. "By no other means of transportation could we possibly maintain constant personal contact with our twenty-seven plants. And frequently we bring out-of-town customers here, returning them

to their own offices the same day . . . The territory we cover and the time we save in our Waco is astounding!"

THE WACO AIRCRAFT CO., TROY, OHIO



"We've got to ship the whole order tonight. Put it on that new Warner & Swasey."

WARNER & SWASEY
Turret Lathes
Cleveland

THOSE FIRST JOYFUL DAYS IN YOUR OWN HOME

How Happy They Can Make You!



But Don't Let the Purchase Leave You Without Reserves, Needing Extra Cash Sometimes to Meet Other Obligations

● How proud and adventurous you will feel—when you first buy a home! How happy—to have the place you'd planned for—a yard for the youngsters—the standing in the community that comes with a home of your own. But don't let it take all your savings to buy it—leave you without reserves.

Eager, ambitious young people, hungry for the better things of life—a home, a car, advantages for their children—are stretching their finances to buy them now. If unplanned expenditures become necessary—they must borrow. Lacking negotiable security, they can't borrow at a bank.

Loans Without Collateral

Many of them come to Household Finance, and, if they can repay the loan without too much strain, we lend them the money they need—without bankable collateral—at reasonable rates—on a monthly repayment plan requiring only about 10% of monthly income.

Aid in Money Management

Household Finance also offers all young couples a practical plan of Home Money Management that stops money leaks—and thorough instruction in Better Buymanship that stretches the family dollar as much as 20%. This helpful, human service will enable families to plan toward the day they can own their own homes without taking the unnecessary risks that are too often the case.

Attention Employers

Employers interested in the personal financial problems of their employees will find the Household Finance booklets on Home Money Management informative and practical. We will gladly send you free copies.

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and Subsidiaries—one of the leading family finance organizations, with 222 offices in 145 cities

HOUSEHOLD FINANCE CORPORATION, Dept. BW-3
919 N. Michigan Ave., Chicago, Ill.

Please mail me without obligation full information on Household Finance's family reconstruction program.

Name

Address

City State

Who Buys What in 18 Cities

Department of Commerce issues another batch of surveys, and *Business Week* analyzes these, together with earlier ones. Sales possibilities revealed.

THAT income largely determines the standard of living has long been conceded, but until the Department of Commerce in 1935 began issuing the studies of *Consumer Use of Selected Goods and Services, by Income Classes*, there was little numerical evidence of changing standards with increasing incomes. *Business Week* summarized nine of these studies individually as they appeared in 1935 and 1936 covering the cities of Austin, Tex.; Fargo, N. D.; Portland, Me.; Columbia, S. C.; Salt Lake City; Trenton, N. J.; San Diego, Calif.; Racine, Wis., and Birmingham, Ala.

Studies Were Requested

Popular demand from manufacturers, distributors, advertising agencies and real estate operators for more of the same, has led the Department of Commerce to put out another batch of surveys in one volume covering the following cities: Portland, Ore.; Casper, Wyo.; Oklahoma City, Okla.; Paducah, Ky.; Frederick, Md.; Des Moines; Lansing, Mich.; Erie, Pa., and Burlington, Vt.

Thus information is now available for the year 1933 for the above 18 cities, ranging in size from 3,694 families to 87,995 families, located in each of the nine census districts of the United States. The distribution of family income within each city is shown, and also the type of home occupied, the type of heating, cooking and lighting equipment used, average rent paid, as well as the prevalence or absence of bathtubs or

showers, mechanical refrigeration, and automobiles. Each income class is separately analyzed with respect to each of these factors, enabling the marketing agency to know just where his market lies and how much there is of it.

Though the cities are spread geographically from coast to coast and from border to border, there is rough similarity among them. From 55% to 80% of the families in all 18 cities had incomes in 1933 of less than \$1,500; another 17% to 32% fell in the group \$1,500 to \$3,000; while the next group, \$3,000 to \$5,000, included from 2% to 8% and the richest market, those with incomes over \$5,000 comprised but a thin sliver of families constituting from less than 1% to not more than 3.3% of the total.

Showing Is Poor

Southern cities having large Negro populations were apt to be heavily represented in the lower end of the income range, but the four central industrial cities among the 18 that were studied—Erie, Pa., Trenton, N. J., Lansing, Mich., and Racine, Wis.—made a worse showing in 1933 than any other regional group. Families earning less than \$1,500 constituted no less than 75% of the total in any of the four towns. The improvement in manufacturing activity since 1933 has undoubtedly improved this picture.

Most families (about 75%) appear to live in frame, one-family houses, though in Portland, Me., Burlington, Vt., and Trenton, N. J., the proportion

AQUACADE—When Broadway producer of extravaganzas, Billy Rose (left), and Lincoln C. Dickey, manager of the 1937 Great Lakes Exposition, got together they unleashed a new word to bring fame to the event which begins May 29. "Aquacade" will be a spectacle on the water and will be startling, Mr. Rose modestly announced. It will be "mammoth" if the diminutive impresario repeats past offerings.



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International

so housed drops to less than one third of all families. The one-family home becomes almost the unanimous choice of the upper income brackets, with preference for brick rather than wood. These studies uncover a considerable market for sellers of central heating equipment (hot-air, steam, or hot water), but at a price commensurate with existing incomes. Use of heating stoves is naturally pronounced in the warmer sections of the country like San Diego, Calif., and Austin, Tex., but it is surprisingly prevalent in such Northern cities as Burlington, Vt., and Portland, Ore., in the lower brackets.

Coal Leads for Heating

Except where natural gas or wood abounds, coal is the biggest seller for heating, but even here the popularity of coal decreases as income increases, with oil taking its place. In Burlington, Vt., for example, coal is used by 74% of those having incomes of \$1,000 to \$1,500, but only by 52% of those rating \$5,000 or more. On the other hand, only 16% of \$1,000-\$1,500 income recipients burn oil, while 39% of those over \$5,000 do.

Sellers of electric ranges can glean a lot from a study of these 18 cities, for the mass market here has not been scratched. Only in Salt Lake City, where 22% use electricity for cooking, and in Portland, Ore., where 19% are so ranked, is there anything like a sales job even begun. But, again, income is the guide. Even in Portland, only 11% of the most numerous income group—\$500 to \$1,000—use electricity for cooking, but 71% of those in the \$5,000 to \$7,000 bracket do.

Market for Plumbing

That in some cities there is a substantial market for bathtubs or showers among existing houses is the rather unexpected revelation of these surveys. Southerly cities, in particular, frequently have as many as 40% of their families without such accommodations, chiefly in the lower income brackets where Negroes are heavily represented. Again the mass market calls for lower priced plumbing wares.

And despite the fact that mechanical refrigerator makers are pushing sales to new peaks each year, they, too, have only begun to satisfy the demand. From 72% to 93% of the families of these 18 cities did not have a mechanical refrigerator in 1933, and chances are that a large number still lack one in 1937. Price and income remain the dominating factors in this market, too.

Americans point with pride to the 25,000,000 passenger cars operating in the United States, yet this survey revealed anywhere from 31% to 70% of the families in these 18 cities as having no automobile. Here, too, the demand still exists for a low priced car.

Mail this coupon NOW!..

Dictaphone Sales Corp., 420 Lexington Ave., N. Y. C. BW-3
In Canada—137 Wellington St., West, Toronto

- ☐ Please let me know when "Two Salesmen in Search of an Order" will be exhibited in my city.
☐ I want to see your representative.

Name _____

Company _____

Address _____

See this new talking picture

"TWO SALESMEN IN SEARCH OF AN ORDER"

... especially if you're too busy!

BECAUSE there's a right and a wrong way to sell everything, over 20,000 business men have heartily enjoyed this outstanding sales training picture since October 1st. In 30 minutes, packed with real ideas, you'll see simple, sensible short-cuts, time-savers, work-savers and cost-savers that only Dictaphone users enjoy. Men with this modern dictating machine get lots more done ... with lots less effort ...

no matter what their business may be!

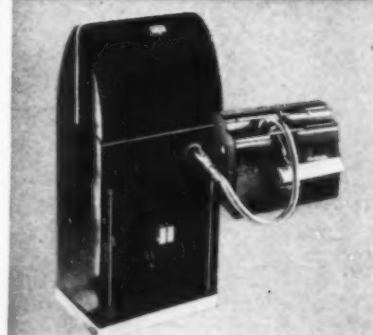
The time when Dictaphone was just a correspondence machine is long past. And the time when Dictaphone will be just about as universal as the typewriter is well on its way. The trend to Dictaphone sweeps on!

Even if you have never mailed a coupon in your life, mail this one now. The rewards of "Two Salesmen in Search of an Order" are real and quick!

The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.



DICTAPHONE



Exclusive Nuphonic recording and reproduction of the improved Dictaphone duplicates the human voice almost perfectly.

Some Companies that have recently swung to Dictaphone

Connecticut Gen. Life Ins. Co., Hartford, Conn.

E. R. Squibb & Sons, New York

Lawrence Warehouse Co., San Francisco, Cal.

Interwoven Stocking Co., New Brunswick, N. J.

Cramer-Krasselt Company, Milwaukee, Wisc.



LOS ANGELES BOUND—The new twin-engine low-wing Beechcraft monoplane paused at Roosevelt Field, N. Y., on its somewhat indirect way from Wichita to Los Angeles for exhibition this week at L. A. National Air Show. Designed for private, charter, and "transport feeder" service, this plane with accommodations for six passengers and two pilots cruises at 195 miles per hour with two 285 hp. Wright engines. Electrically operated wing flaps reduce landing speed to 50 miles per hour. A new sister biplane for four passengers and one pilot, also shown for the first time, cruises at 235 miles per hour with its single 350 hp. supercharged Pratt & Whitney Wasp engine. Beech Aircraft Corp. has just completed new financing through Tobey & Co. which includes sale of 150,000 of 500,000 common shares and provides new working capital to boost production by 50%-70%.

Copper Towns Awake and Rejoice

Ghost communities jump from slump to boom in short time. Wages go up, and workers' demand for goods helps business on the Coast.

ECONOMISTS and statisticians in the copper trade may sit in their offices arguing worriedly over the authenticity and comparative duration of the current boom in the price of the "red metal," but out in the copper camps of Arizona, Nevada, Montana, Utah, and New Mexico no one is worrying about such trifles.

For boom times are on, and not a soul among the thousands of muckers, jigger bosses, smelter hands, or even managers appears to give a tinker's dam whether domestic consumption will equal production this year or whether foreign speculation in copper will crack up. All they know, or care about, is that the workers have steady employment again after six years of almost complete stagnation, that the "ghost towns" of the copper area have come to life with a bang, that there have been five increases in pay since August, and that the commonest miner among them is enjoying a base wage rate of \$6 a shift. Hundreds of local citizens who bought copper stocks when they were down are now finding themselves suddenly "in the money," and everybody's happy.

Price Interests All

In the humming bars of Bisbee, Douglas, Jerome, Miami, Butte, and other copper towns, in the crowded hotel lobbies and busy streets there's only one important topic of conversation—today's copper price. In the stores, delighted and slightly bewildered merchants find their biggest problem is not how to meet overdue bills but how

to get enough stock to satisfy the boom demands for luxury goods, clothes for the workmen, for their wives and children, new furniture and carpets for homes which have become shabby during the lean years. Radios, especially expensive ones, are selling as fast as they arrive from distributors' warehouses. So are electric refrigerators and automobiles. In short, it's the old story of ghost towns come to life all over again, with sudden prosperity for everyone, and little thought for tomorrow; and the retail merchants, theaters, hotels, and cafés are cleaning up with a vengeance.

Spreads to the Coast

Like the stone dropped in the pool of water, the boom is raising business ripples that are spreading over the entire Pacific Coast and are contributing to industrial activity there. Manufacturers in Los Angeles, San Francisco, Oakland, Seattle, Portland, and other buying centers are feeling the effects of \$6 wages in the red metal areas. Trucks loaded with freight are crowding the highways from Pacific Coast cities to the copper towns. Volume of rail shipments on those routes recalls the lush days of '29 when the price of domestic copper rose to 18¢ and the camps were roaring.

Western dealers in and manufacturers of building equipment, paints, varnishes, and plumbing supplies are rushing deliveries to satisfy the urge for modernization and reconstruction of homes that has followed in the wake of steady employment at high wages.

County governments that have been in the red for a decade are suddenly in the black again as back taxes roll in to the treasurers' tills. The problem of relief has vanished, swallowed up in the greater problem of a labor shortage.

As to the Western copper producers themselves, the boom caught most of them unprepared. Recovery for them began with breath-taking rapidity some six months ago. The straight producers (those working ores that contain a minimum amount of gold and silver) had retrenched during the lean years almost to the point of suicide, had sold a large part of their equipment and reduced their technical staffs to skeleton proportions. Most of them had shut down completely. Even those working ore with precious metal content were idling along at 25% of capacity or less. When the price of copper began its upward trend, and the time arrived to start the smelting plants and auxiliary operations, these producers were faced with a serious lack of facilities, both as to men and machinery. They were in no position to "cash in." Rehabilitation in most instances became a costly and hectic process, and a frantic scramble for equipment resulted. Orders to manufacturers went on a telegraphic basis and, on many properties, capacity production can't be reached for another six months. All this has been a factor in creating the boom atmosphere which encourages lavish spending.

Repaid for Faith

Contributing to business prosperity in red metal areas is the fact that, in many communities, those in the best position to realize on the price boom were the merchants and professional men who "had faith in copper" throughout the depression and had bought copper stock at low points. In Bisbee, Ariz., for instance, 300,000 shares of stock in one of the largest producing companies are held in small lots by hundreds of local investors who are putting their profits into such necessities and luxuries as homes, clothes, automobiles, and house furnishings.

Retail prices in the boom towns are up, of course. With each wage boost comes a corresponding increase in the cost of commodities most in demand. But no one appears to be worrying much about it, least of all the consumers themselves. And the manufacturers, distributors, and dealers in the buying centers of the Pacific Coast aren't worrying about it either. Their principal cause for anxiety is their inability, in many instances, to supply the demand.

Big Profits on Conventions

EXPENDITURES totaled \$55,000; returns came to \$12,688,580.

In these cheerful statistics Cleveland

NEW CHEVROLET 1937

The Complete Car - Completely New

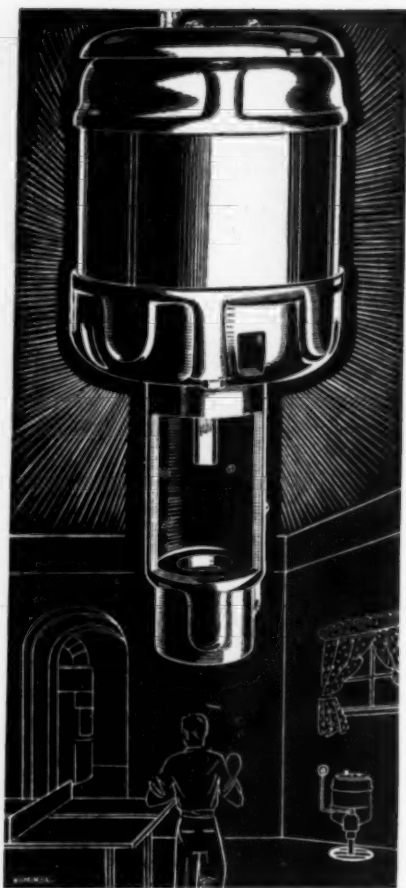


You want *all* good things in your new motor car. . . .
 And you may as well enjoy real savings in purchase price, in operating costs and in upkeep, while getting all desirable motoring advantages. . . . Careful consideration will lead you straight to this one car—
Chevrolet for 1937—the only complete car—priced so low!

CHEVROLET MOTOR DIVISION, *General Motors Sales Corporation*, DETROIT, MICH.

NEW HIGH-COMPRESSION VALVE-IN-HEAD ENGINE—NEW ALL-SILENT, ALL-STEEL BODIES—NEW DIAMOND CROWN SPEEDLINE STYLING—PERFECTED HYDRAULIC BRAKES—IMPROVED GLIDING KNEE-ACTION RIDE®—SAFETY PLATE GLASS ALL AROUND—GENUINE FISHER NO DRAFT VENTILATION—SUPER-SAFE SHOCKPROOF STEERING®. *Knee-Action and Shockproof Steering on Master De Luxe models only.

General Motors Installment Plan—monthly payments to suit your purse.



MAN THE PUMPS

Let that cry be heard by a modern sump pump, powered by a sturdy R & M motor, and—whoosh!—your basement is dry in a twinkling. We've built thousands of motors for pumping out unwanted water. Installed in the damp and the dark, forgotten till needed—they start! It's true—an R & M motor makes any appliance better. The next time you buy electric equipment, look for R & M on the motor. Or, if you are a manufacturer, consult America's motor specialists. . . . *Robbins & Myers, Springfield, Ohio; Brantford, Ontario.*

ROBBINS & MYERS

Motors

FANS • MOTORS • HOISTS • CRANES • FOUNDED 1878

Just ONE Quality Product Wanted For EXPORT TO EUROPE

The last few difficult years showed two well known manufacturers of the Rubber-Automotive and allied trades—

**A large increase in Business
No loss in Bad Debts
No frozen Foreign Exchange**

The sales organization responsible for these results is equipped to represent *one additional manufacturer* who has a suitable

QUALITY PRODUCT

The organization's offices are located in London, Vienna, and Stockholm, and twenty-six countries are travelled intensively by an expert sales force. The organization acts as—salesman—supervisor of distributors or agents—financial expert, and counselor.

The chief executive of this organization will be in the U. S. A. next month. For advance contact write

W-238, Business Week, 330 West 42d Street, New York City

sums up the results of 176 conventions which brought 312,245 delegates to the city during the past year. Most of the credit goes to Cleveland's Convention and Visitors' Bureau, Inc. Mark Egan, its manager, and Glenn O. Glauser, his assistant, are continually on the hunt for business, political, organization, educational meetings.

The Convention and Visitors' Bureau has a long-range schedule. It keeps records of 4,000 potential conventions and books them as far ahead as possible. A special system furnishes full details on the needs of each prospective gathering. Complete information is furnished convention executives on facilities for planning and holding their meetings. The bureau also provides accessory services ranging from the registering of delegates to the book- ing of spellbinders.

The bureau's budget has been increased for 1937 and an attempt will be made to beat last year's record.

Illinois in Oil

Well is brought in by Pure Oil Co., causing hopes that state will again be big producer.

HOPE that Illinois might regain its long-lost position as a leading oil-producing state was aroused last week when the Pure Oil Co. brought in a well in Clay County, in southeastern Illinois, at a depth of 2,600 feet. Production amounts only to 100 bbl. a day, but is expected to increase substantially when the well is thoroughly cleaned out. The company, encouraged by its strike, plans to augment its effort to develop the area. Other companies prospecting in the region are the Shell Petroleum Corp., the Ohio Oil Co., the Gulf Producing Co., and the Carter Oil Co., subsidiary of the Standard Oil Co., of New Jersey.

The Pure Oil Co., of which Henry M. Dawes is president, controls large oil fields in Texas and Oklahoma, and within recent years has played an important part in the development of oil fields in Michigan. Development of an oil field in southeastern Illinois would give it another source of production near the large consuming markets of the Middle West.

Oil was first found in Illinois in 1867, but because of imperfect methods of raising it from the ground, attempts to make commercial use of it were abandoned. Forty years later commercial production was begun, and by 1908 Illinois ranked third among the states in the value of oil produced. With the rise of Texas and Oklahoma as oil-producing states, and the discovery of oil in California and other Western states, production in Illinois dwindled until it ranks twelfth.

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SUN VALLEY LODGE, Ketchum, Idaho, owned by the Union Pacific R. R., where visitors enjoy winter sports under a summer's sun, and the serving of the world's favorite delicacies are possible, thanks to Carrier Air-Conditioned Refrigeration.

GREENBRIER, White Sulphur Springs, West Virginia— noted for its year 'round activities—offers patrons the comfort of Carrier Air Conditioning in the famous auditorium and banquet hall.



... give visitors

Carrier Air Conditioning AND Refrigeration

WHITE SULPHUR and Sun Valley are typical of famous resorts that have turned to Carrier to solve their problems of air conditioning—to install proper refrigeration.

And rightly. Carrier skill has accomplished such outstanding installations as those in the U. S. Capitol, the Waldorf-Astoria, the Queen Mary—such unusual and difficult installations as that in the famous Robinson mile-deep mine

in So. Africa, to mention only a few.

Whatever the air conditioning job to be done, Carrier is ready to do it. Your place of business, your plant, your office, your home, any enclosed space can be air conditioned by Carrier, based on 35 years' continuous development of air conditioning applications.

Don't put it off. The time to air condition is now . . . now, before the cost of materials advances fur-

ther, and so that you will get the full benefit of your air conditioning all summer long. Call your Carrier representative, or mail coupon.

CARRIER CORPORATION, DESK 338
850 Frelinghuysen Ave., Newark, N. J.
Please send me, without obligation, complete information on Carrier Air Conditioning for my ☐ store; ☐ office; ☐ factory; ☐ home.

Name _____
Address _____
City _____ State _____

* A FEW OF THE WORLD WIDE CARRIER INSTALLATIONS *



WORLD'S Largest Ceiling System will be boast of J.L. Hudson, Detroit Store, when Carrier system is complete.



INDUSTRY, TOO, is benefited by Carrier Air Conditioning. One example is the Knox Jail plant in Camden, N. J.



METRO Theatre, Rio de Janeiro, Most Luxurious Cinema House in So. America, is Carrier Air Conditioned.



MALLORY helped stem the tide of FLOOD SUFFERING

Grim disaster gripped the inhabitants of the Ohio river flood area. Telephone lines had failed! Power failures had rendered household radio receivers inoperative! The automobile radio remained the sole means of communication between relief headquarters and rescue workers in seriously affected sections.

Thus, automobile radio ceased to be regarded merely as a luxury and won wide recognition as a life saver. And—it is significant that Mallory Auto Radio Vibrators were specifically requested, by authorities in the flood area, to assure uninterrupted communication through the only available channel.

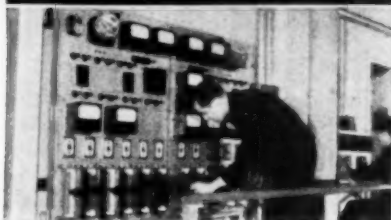
P. R. MALLORY & CO., Inc.
INDIANAPOLIS INDIANA

Cable Address—Pelmollo



PARTS FOR RADIO, ELECTRICAL,
AUTOMOTIVE AND INDUSTRIAL FIELDS

Making WEATHER TO ORDER FOR E·T·L TESTS



In the cottage behind these instrument panels, E. T. L. can get the FACTS on any piece of air-conditioning equipment . . . room conditioners, fans, filters and heat transfer coils.

Air-conditioning equipment is one of many kinds of products tested by E. T. L. Get the Facts, for more effective selling or better purchasing. Write for your copy of "Fact is Sounder Than Fiction," a new booklet which explains our services.



**ELECTRICAL
TESTING
LABORATORIES**

80th Street and East End Avenue
New York, N. Y.

New Products—New processes, new designs; new applications of old materials and ideas.

As business turns to the trailer, business men find many of them to be shy on lighting and heating facilities. General Armature Corp., Lock Haven, Pa., is ready with a rubber-tired "fifth wheel" lighting generator which trails the trailer on the highways. Duo-Therm Division, Motor Wheel Corp., Lansing, Mich., is ready with a new fuel-oil (or kerosene) circulating heater which occupies a floor space of only 12 by 18 in. Its burner has neither wick nor moving part, and takes outside air for heating. No danger of vitiating air inside the trailer.

WORK gloves impregnated with "Thiokol" resist grease, gasoline, oil, and many of the common acids. Thiokol Corp., Yardville, N. J., recommends that part of the gloves be left uncoated,



Altron

making them cooler in summer and warmer in winter.

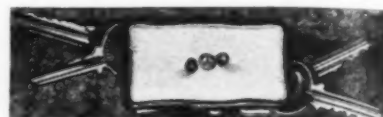
THERE should be many wholesome uses for the small portable ozone generators of Electroaire Corp., 1455 W. Congress St., Chicago, especially when it is known that National Tea Co. has been using them to deodorize and sterilize food trucks. First the interior surfaces must be cleaned and dampened, then the ozone outfit placed inside, and all openings closed. Treatment period completed, the truck or room is ready for immediate and sanitary service.

IN the new hydraulic remote control unit for changing the speeds of the "Varidrive" Motor of U. S. Electrical Motors, Inc., Los Angeles, the simple twist of a handwheel forces liquid through a copper tube to a change-speed cylinder which does the trick.

A NEW principle of factory heating incorporates itself in the gas-fired "Factory Unit" of Payne Furnace & Supply Co., 336 N. Foothill Rd., Beverly Hills, Calif. Warmed air, circulated by an electric fan, emerges from all four sides of the heater at the floor line. As this air rises, it is sucked in again by the fan, rewarmed and rebled at the floor line where human feet are often chilly.

CADILLAC-LASALLE and Norton Co., Worcester, Mass., have been working cooperatively and successfully on the development of an automobile camshaft grinder wherein strips of fine emery cloth revolve against the 16 business surfaces of the cams and give them a mirror finish.

WELL engineered entry in the novelty and premium field is the "Key King," an enameled metal device which holds

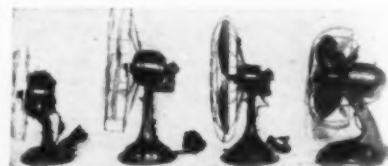


Business Week

any number of keys up to four. Each key has its own button. Press No. 3 button, for instance, and out pops No. 3 key. Key blade acts like blade in a pocket knife, yet any key can be detached in an instant. John M. Bennett, 205 E. 42nd St., New York, is inventor.

ANSWERING an industry-wide demand for a husky, vibration-proof, round-chart, potentiometer-pyrometer, the Bristol Co., Waterbury, Conn., enters the lists with the "Pyromaster" for recording temperatures up to 3,000 deg. F. Since its galvanometer movement is mounted on jeweled bearings, and since there is no mechanical movement in the instrument when the temperature is constant, no lubrication will be required during service. This same recording potentiometer will also be available as tachometer, resistance thermometer, millivoltmeter, and milliammeter.

PROGRESS in fan design is evident in the Westinghouse models selected from production of (left to right) 1897, 1912, 1935, and 1937. Note depth of the ultra-quiet Micarta blades in the 1937 "Poweraire" which partly account for 1,500 cu.ft. per minute air capacity



Business Week

in the 12-in. size as compared with 1,100 in 1935. Improved capacitor-type motors further account for heightened efficiencies and lower weights throughout the completely restyled fan line of Westinghouse Electric & Mfg.

Co-op Report, at Last

President's commission barely conceals its ardor. Wants co-ops to get cheap credit.

"FROM the things we learned and the figures we gathered could be woven an Aladdin tale of cooperative success. From a different selection of material could be built a story of cooperative blunders and mistakes and class antagonism."

Thus last week the commission of six who conducted the Inquiry on Cooperative Enterprise in Europe summed up their experience and findings, detailed in 317 pages of their long-delayed report to President Roosevelt. It is not surprising, however, that those findings partake more of ill-concealed enthusiasm than they do of captious criticism.

Committee of Enthusiasts

This for two reasons: (1) The members of the commission—one woman, Emily Cauthorn Bates, and five men, Jacob Baker, assistant Works Progress Administrator; Leland Olds, secretary of the New York State Power Authority; Charles E. Stuart, an engineer; Robin Hood, secretary of the National [farm] Cooperative Council, and Clifford Gregory, editor of the *Prairie Farmer*—all shared with President Roosevelt the interest which he was manifesting last summer in the cooperative but which since appears to have died aborning. (2) The record of European cooperatives is acknowledged to be impressive (BW—Jul 4 '36, p11).

The report contains a wealth of up-to-date statistical information on the types and extent of cooperatives in nine countries (Russia, Germany, and Italy are the principal nations excluded), their organization, financing, and merchandising policies, and their relations to labor, private business, and government.

Fourfold Function

It emphasizes the fact that co-ops are uniformly and simultaneously a competitor of, a check on, a partial substitute for, and a supplement to private business enterprise. But there is no question, at least in the mind of co-op enthusiasts here, that major emphasis must rest on the competitive rather than the supplementary functions and proudly they point to the record of Finnish wholesale co-ops, which handle about 40% of Finland's distributive trade at a cost of doing business equal to only 3.9% of total volume, while retailer-owned wholesale houses have a cost of 4.1%, and private wholesalers have costs of 6.8%.

The board recommends that a census of consumer co-ops be taken here, and that a separate government agency be established to provide the consumer co-

ops with information, research, and advisory service.

These two recommendations are not likely to kick up much dust, but there is plenty of dynamite in the third: "That steps be taken to assure consumer cooperatives credit parity." Business men this week were asking, "Parity with what?" But the report doesn't say. It is purposely enigmatic, for in those ten well-chosen words is packed the whole fight which almost split the board, the report, and the whole co-operative movement wide open: How much financial assistance from the government should consumer cooperatives demand?

Other Co-ops Pay 2½% to 8%

The conservative element within the movement interprets those words as meaning simply parity with the farm marketing co-ops which can borrow from the Farm Credit Administration at 2½% to 3%, while consumer co-ops must pay 6% to 8% for their money from private lending agencies. Radical cooperators insist that credit parity must mean a governmental generosity—loans and grants—sufficient to enable the struggling co-ops to match strides with private business all along the line and to establish themselves in fields where they cannot now function with success—notably in production.

Farm Hands' Union

California labor federation starts to organize workers in fields and canneries.

THE One Big Union idea has reached agriculture. The first state-wide organization of farm and cannery employees in the United States is scheduled to be set up Mar. 21 at the California State Federation of Labor convention in Sacramento. After that's accomplished, a charter for the group, to be known as the Agricultural Workers' Union of California, will be asked from the American Federation of Labor. A chest of \$25,000 has been set aside by the state federation for a sign-up campaign.

Establishment of a research bureau to determine conditions in California's farm and packing industries is an immediate objective. A committee is to be formed for "collective bargaining with the State Grange, Farmers' Union, Associated Farmers, and other employing groups."

As farm labor prepared to organize with the blessing of the state federation, the California Processors & Growers, Inc., packers' association, announced wage increases for 150,000 cannery workers in central and northern California totaling \$4,000,000 annually. The wage boost applies to 93% of the canning business volume of the state.

✓ for Economy



AJAX service is easy on the budget. ✓ First cost low; same for upkeep. ✓ No wastage with AJAX one-cup-at-a-time Dispenser. ✓ Sick leaves fewer with AJAX cups and dust-tight Dispensers. ✓ Handsome black Bakelite Dispenser, or steel in colors, appropriate anywhere. ✓ Employees approve—and good will has its practical value, too. Free Samples in cigarette desk humidifier for executives—also supplier's name.

LOGAN DRINKING CUP CO., Div.
68-B Prescott St., Worcester, Mass.
Pacific Coast Env. Co., Div., San Francisco

AJAX
Cups and Dispensers

WHICH FACTORY IS YOURS—
THIS or **THIS**

Sun Heat
and Glare

Cool Air
and Light

OR

Seven Good Reasons for
Equipping with RA-TOX

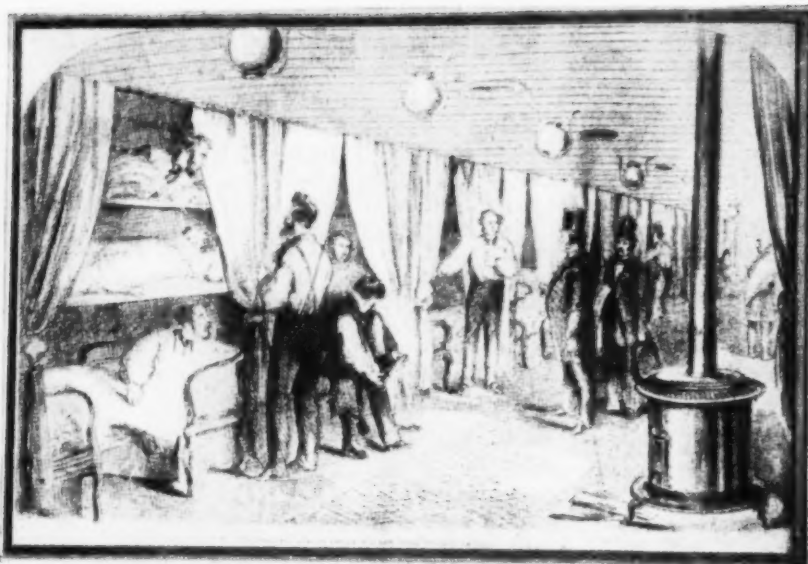
1. 20 years and more of shade satisfaction.
2. Offset brackets permit independent freedom of movement for center swing type ventilators—insure perfect ventilation without draughts and wind.
3. Permanent metal-to-metal installation, prevents all loosening due to vibration of walls or ceiling.
4. 30% to 40% more light and air.
5. Quick, simple, fool-proof operation.
6. Made of selected basswood strips, woven parallel with hard twist seine twine; attractive fast colors add smart, businesslike appearance.
7. Reduces room temperature 10 to 20 degrees.

Send for measuring chart.

RA-TOX

OFFSET WOOD FABRIC
SHADES for INDUSTRIAL
— SASH —

HOUGH SHADE CORPORATION (Industrial Div.)
1063 Jackson St., Janesville, Wis.
Send complete RA-TOX details at once.
Name
Address City
State Individual
☐ Steel Sash ☐ Wood Sash



At 70, Pullman Tries New Ideas

It is back in the black, after losing ground because of automobile and airplane competition. Now it uses streamlined cars and advertising.

OFFICIALS of the proud old Pullman Co., operating subsidiary of Pullman, Inc., planning this week to put streamlined Pullman cars on the Santa Fe's *Chief* between Chicago and Los Angeles, looked back upon a company history of 70 years, during which it rose from corporate infancy to a giant which took a public-be-damned attitude, saw its business dwindle as automobiles and airplanes cut into its revenue, and finally turned to streamlined cars and advertising for new health.

Organized as an Illinois corporation in 1867, it was originally known as Pullman's Palace Car Co. The idea of making sleeping cars available to the public first occurred to George Mortimer Pullman, the founder, a Chautauqua County, N. Y., boy, while experiencing the hardships of night travel when engaged in contracting to move buildings back from the old banks of the Erie Canal to the new banks, when the state of New York was widening the artery.

Became Prosperous

Mr. Pullman was president of the company from its organization to his death in 1897. He was succeeded by Robert T. Lincoln (son of Abraham Lincoln), who was president until 1911, and later chairman of the board. During this period Pullman attained great prosperity and didn't waste much time over public relations.

Bossing Pullman is like bossing an army. Pullman executives shift hundreds of cars from areas where they

are not needed to New York, Chicago, Boston, Washington, and Philadelphia at the beginning of the Florida season, and rush them to Florida again when the spring exodus begins. A few days before last Christmas, they tossed 700 extra cars to the New York Central and Pennsylvania, biggest movers of Christmas holiday travelers, to supplement the 800 cars those roads normally use.

What Pullman is doing today is based upon figures showing up in company reports. Pullman officials saw the company's total number of revenue passengers drop from a high of 35,197,178 in 1927 to a low of 13,716,-

COURTING BUSINESS—An early achievement of George Mortimer Pullman was the three-decker sleeping car with an old-fashioned stove in the center. Luxurious comfort is the goal of the new streamlined cars on Santa Fe's *Chief* on the Chicago-Los Angeles run. Air conditioned and fitted with modern appointments (below), they are designed to make a strong bid for passenger traffic against automobiles and airlines.

538 in 1935. They saw gross revenue from cars sink from a high of \$83,840,812 in 1929 to a low of \$39,316,239 in 1933. (Though Pullman carried more passengers in 1927 than in 1929, in the latter year the journey was longer and people were using higher-priced accommodations.) And they saw net revenue from cars tumble from a high of \$10,938,059 in 1928 to a loss of \$1,646,981 in 1935.

Last year, with gross revenue of roughly \$55,000,000, they saw Pullman get back into the black again, though year-end adjustments, as yet incomplete, make it impossible for company officials to make public its net income at this time. Whatever the figure is, Pullman isn't as firmly entrenched in the black as its historical position in transportation and its potentialities indicate that it should be. Its officials, therefore, are carrying on two distinct efforts to hold old business and win new business. One effort consists of the use of new, lightweight, streamlined cars, the other of an advertising campaign that is one of the biggest in America today.

Streamlined and Modern

Pullman's streamlined cars are built by its sister corporation, the Pullman-Standard Car Manufacturing Co., answerable, like itself, to Pullman, Inc., a holding company. They are one-car and two-car units, built of steel alloy, with truss-frame constructions and mod-



Pullman Co. photo

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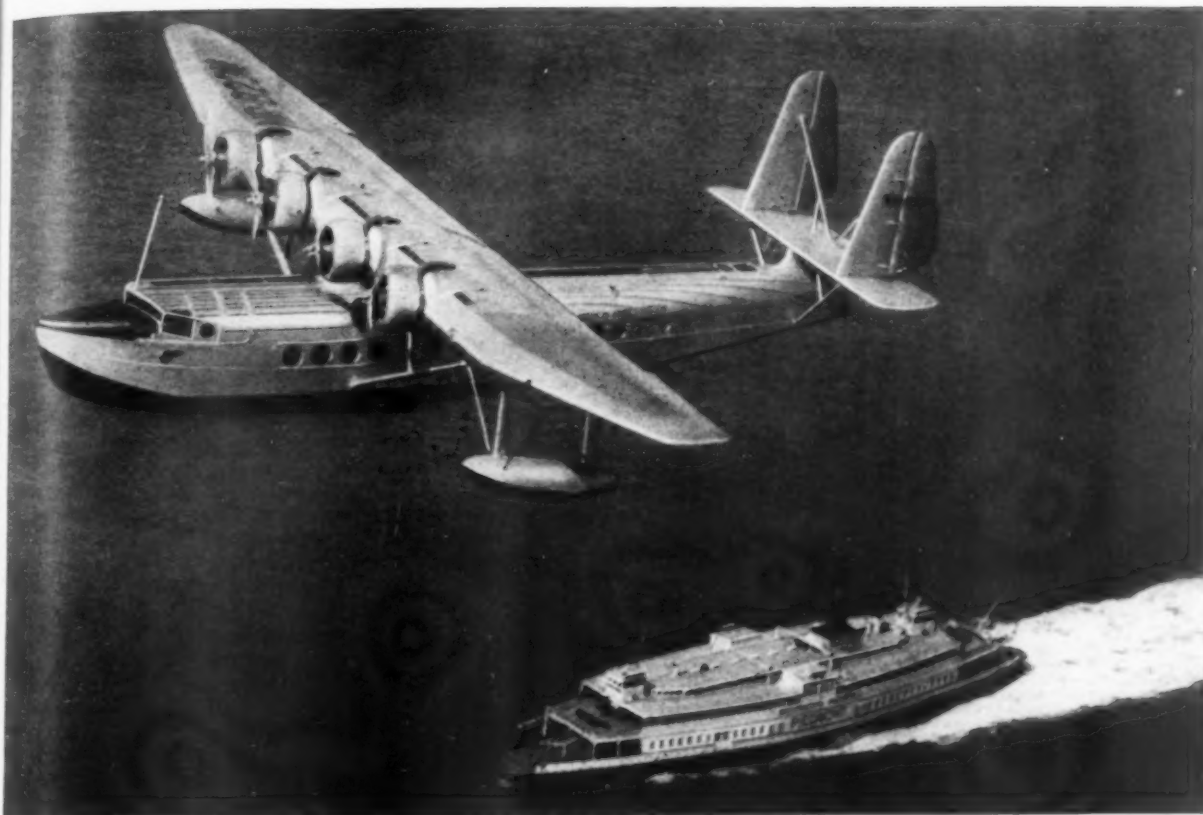
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Co. photo



PROGRESS

The China Clipper! Across the Pacific, world's greatest ocean, from America to China in six and one-half days.

There is, perhaps, no more fitting symbol of the historic progress this generation is witnessing than the fleet of giant seaplanes that span the Pacific on regular schedules. These clipper ships of the air are a new pinnacle, establishing new marks in aeronautical advancement.

In a less dramatic field, but in one basic to all industries, equal progress has been made. Combustion Engineering has shared in initiating and perfecting many of the developments that have made this progress possible.

Within the same limits of space in which was built

little more than ten years ago a steam-generating unit with a capacity of some 200,000 pounds of steam per hour, today Combustion Engineering has built a unit of more than a million pounds—with ratios of efficiency and economy vastly improved.

Experience with all types and sizes of units and operating problems, ranging from small stoker-fired boilers of 25 horsepower up to the largest steam-generating units in the world, has gained for Combustion Engineering broad experience which can be advantageously applied to the solution of your plant problems . . . Combustion Engineering Company, Inc., 200 Madison Avenue, New York. Canada: Combustion Engineering Corporation, Limited, Montreal.

COMBUSTION ENGINEERING

A-532

BOILERS • STOKERS • FURNACES • PULVERIZED FUEL SYSTEMS • HEAT RECOVERY EQUIPMENT
FABRICATORS of PRESSURE VESSELS, TANKS, etc., WELDED or RIVETED in CARBON, ALLOY or CLAD STEELS



Some of the questions discussed in this book

- Under inflation, which is preferable as investment—real estate or common stocks?
- Who can afford the above risks?
- What kind of life insurance should one buy?
- Is term insurance worth buying?
- Can we anticipate taxes in making a will?
- Should one use a savings bank or a checking account for emergency reserves?
- At what age should one consider annuities as investment?
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PROUD—George Mortimer Pullman was proud of his rococo creations during the post-Civil War period, was prouder of their mechanical details.

ern interiors. Its advertising campaign is run by the Charley Daniel Frey Co., smart Chicago agency.

Business men, hopping from one city to another overnight, provide the bulk of Pullman's business—and the bulk of the business done by the airlines. Pullman's executives estimate the average number of Pullman car journeys made by business executives annually at four. A goodly portion of their advertising campaign, therefore, is aimed at business men. But they are also aiming at the plain people, who have never ridden in Pullman cars; at schoolteachers, and at the well-to-do people who go to Europe annually. The latter groups they want to make conscious of American attractions such as Yellowstone National Park.

Ickes in a Hole

San Francisco voters defy him but he won't shut off water from Hetch Hetchy. So what?

WASHINGTON (Business Week Bureau)—Even though it may be illegal, a dam and hydro-electric power plant is far too concrete an object to be exorcised into thin air. That is one fact that has been worrying the utilities in their warfare with the Administration over federal power projects and, paradoxically enough, it is a problem that must be faced now by Secretary of the Interior Ickes who, as Public Works Administrator, has built—or tried to—most of the publicly-owned power plants that the utilities are attacking.

Last week's refusal by San Francisco

to make an honest project of its famous Hetch Hetchy water supply and (incidental) power project places the problem of what to do squarely in the lap of Honest Harold. The important part of Hetch Hetchy is located on federal land, and utilizes federal water. It was located there under authority of the Raker Act, passed in 1913, on the express condition that none of the water or power should be sold to private individuals or corporations for re-sale. For 15 years the power has been turned over to the Pacific Gas & Electric Co. under a flimsily-disguised "agency" contract that Ickes has declared unlawful. During this period the voters have repeatedly refused to approve bond issues necessary to enable the city to take over its own distribution. Now what?

Amendment Unlikely

One solution, of course, would be to amend the Raker Act so as to legitimize the present arrangement. Considering the present temper of Congress regarding its sacred duty of retaining the God-given natural resources of the country for the benefit of the people, and the presence therein of such vocal gentlemen as Norris, Rankin, and the other members of the public power bloc, the chances of success of such an amendment are very dubious.

The other possibility would be to invoke the penalties of the Raker Act, which directs the Attorney-General, in case of violation, to take legal steps to enforce compliance. These would begin with a suit in the local federal court, which would result in a mandamus order requiring the city to stop the sale of power to P. G. & E. Violation would mean contempt of court, and would be punishable by fine or imprisonment of major city officials.

Reductio ad Absurdum

Since even a court order cannot prevail upon a recalcitrant citizenry to approve bonds they do not care to, such a solution could only result in a shutting down of the power plants, which is directly contrary to the Administration's passion for making the most of falling water. Of course it would be possible for the Administration, following through to the bitter end, to revoke the grant contained in the Raker Act, in effect confiscating the entire undertaking and leaving San Francisco without a water supply, but no one seriously predicts any such eventuality.

Such is the problem facing Sec. Ickes. What his decision will be is still unknown; that it will not be forthcoming for some time is indicated by the tenor of his comment on the bond election which, although tartly tough, nevertheless indicated in unmistakable terms that the municipal officials will be granted another opportunity to trot out a compromise plan.



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Office building managers and superintendents should have a G-E Light Meter. Measures light as simply as a thermometer measures temperature. Only \$11.50.

BETTER LIGHTING HELPED RENT 35,000 SQUARE FEET OF OFFICE SPACE

says EARLE SHULTZ

Manager, Marquette Building, Chicago

Better lighting based on the science of seeing and combined with a new scheme of office wall decoration are largely responsible for renting 35,000 square feet of office space in Chicago's Marquette Building, according to Building Manager Earle Shultz.

In analyzing ways to provide tenants with additional services having a dollars-and-cents effect on the operation of their business, Mr. Shultz discover-

ed that the principal cause of normal personnel inefficiency was poor lighting. Out of this study evolved the "Office of the Future"—scientifically lighted with indirect, high level, glareless illumination of more than 20 foot-candles. This lighting makes every foot of space useful and attractive. For further details write to General Electric Company, Department 166, Nela Park, Cleveland, Ohio.



AVOID WASTING ELECTRICITY by insisting on MAZDA lamps made by G-E. Inferior bulbs often yield 30% less light than good lamps of equal wattage. Even a 2% loss would be poor economy for the user of light at home or in business. The initials G-E on the end of every MAZDA lamp made by General Electric assures you of full lighting value for your money.

GENERAL  ELECTRIC

South Africa Hums

Boom still goes strong. Gold and diamond trades prosper; exports and imports rise.

THE business boom in South Africa continues with no sign of a let-down. Shipping companies operating to and from Capetown report the heaviest traffic, both passenger and freight, in history. Continued high prices for gold in terms of weakened currencies, stimulation of gold mining, revival of the diamond trade combine with other factors to promise another record year for 1937.

The Empire Exposition at Johannesburg closed Jan. 15 on a high note. Both as a show and a sales maker the exposition justified expectations. Trading turnovers in Capetown and other districts are higher than a year ago.

Demand for building material continues heavy. Strengthened prices for

fencing items reflect a better agricultural outlook. Abnormally heavy rains on the high veldt regions caused some flood damage but this is forgotten in the benefits to crops and grazing lands. Wool prices have firmed with German purchases, following a trade agreement which facilitates credits.

The South African gold industry is setting a fast pace for Soviet competition (*BW—Mar 13 '37, p 15*). January production was 980,000 oz., highest for that month since 1932. Average production of 1,000,000 oz. a month is expected this year.

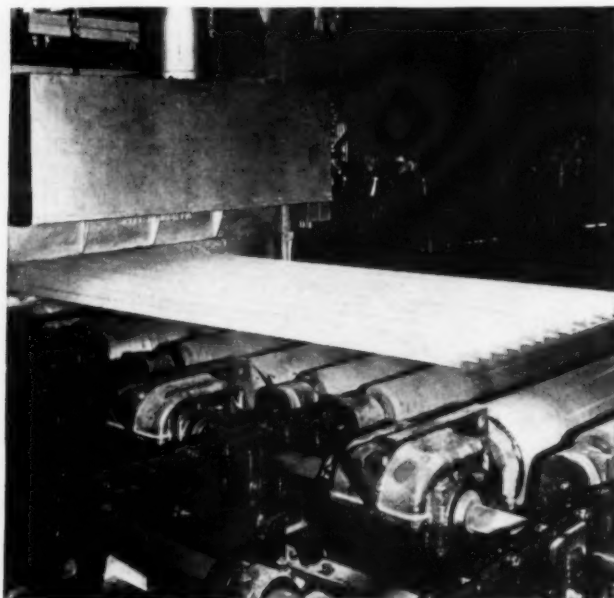
Foreign Trade Expanding

South African exports during 1936 reached \$570,000,000, and imports \$430,000,000. Increases over 1935 were \$60,000,000 and \$50,000,000 respectively. Cargoes totaling 2,000,000 tons were handled at Table Bay during 1936; this was 100,000 tons greater than the high record set in 1935. Such

activity has proven an irresistible magnet for shipping lines.

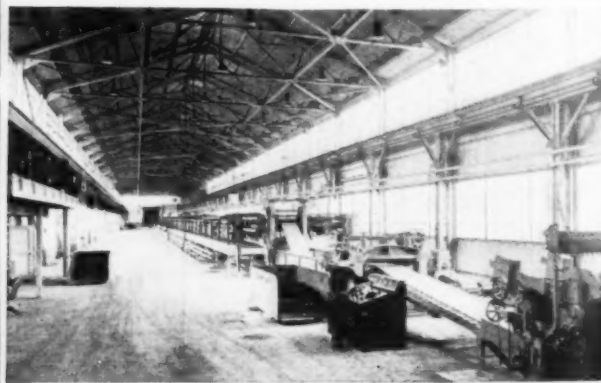
Germany is making a dramatic bid for her share of this carrying trade. The 16,000-ton liner *Pretoria* arrived at Durban on Jan. 20 to inaugurate a new high-speed service. A sister ship, the *Windbuk*, is nearing completion in Germany. They will maintain a 15-day schedule between Southampton and Capetown. Lines operating between New York and South Africa have cut rates to non-profit levels—but it has been a great help to the American export trade.

James A. Farrell, Jr., announced recently the purchase of another steamer for his American South African Line. This gives the company 11 ships, including the new passenger-cargo carrier *City of New York*. In his son's activities the elder Farrell can enjoy a vicarious pleasure. The retired president of U.S. Steel yearned for the sea as a boy, and never quite got over it.



Business Week

STEEL SHOWS WHO IS KING—With huge modernization programs marking many major industries, Steel asserts industrial kingship by leading all in two important Mid-Western developments. Within four months after formal groundbreaking, Republic Steel Corp. opens its Niles, Ohio, tin plate mill housed in 123,000 sq. ft. of new buildings and 177,000 sq. ft. of reconditioned. Feature of the high-production mill is its silent operation and cleanliness, the continuous pickling department (below) being tile lined and air conditioned.



Engineering News-Record



At about the same time, Carnegie-Illinois Steel Corp., Gary, Ind., largest United States Steel subsidiary, held a house-warming for its new Brunorizing plant. Brunorizing is a heat treatment process calculated to produce rails to withstand the pounding of ever faster trains. Significant thing is a new range of reheating and annealing temperatures which hardens rails to withstand end batter, yet fortifies them against fissures and cracks. A worker (left, top) takes temperature of rails as they leave furnace. A group of top executives (below) assists in dedicating the new equipment on Mar. 10: (Left to right) Irving S. Olds, U.S. Steel director; G. C. Kimball, executive vice-president, Carnegie-Illinois; Paul Shoup, vice-chairman, Southern Pacific Railroad; Benjamin F. Fairless, president, Carnegie-Illinois; C. E. Denney, president, Erie Railroad; F. E. Williamson, president, New York Central; and William A. Irvin, president, U.S. Steel Corp.

Business Abroad

Business Week's foreign editor reports on Russian war preparations and peace policies following conferences with Soviet leaders at Moscow.

BERLIN (Cable)—Universal exploration of the possibilities of war by all European nations is probably the best guarantee of peace for the immediate future. Realization of this fact is bound to affect favorably the short-term business outlook. Long-term commitments, beyond governmental rearmament orders, are not yet in sight.

Moscow's power and influence are the great question mark. Last week's revelation to *Business Week's* foreign editor of Russia's gold output and reserve was supplemented later by evidences of her potential strength in other lines. But there apparently is no desire to test these forces at this time.

Litvinov's Views

Commissar for Foreign Affairs Litvinov, the outstanding Soviet diplomat, answering a direct inquiry on the value of President Roosevelt's plan for conferences by the heads of the great powers, said that it was high time for serious international planning but discounted the possibility of such a conference. Litvinov added, "Such talk accomplishes nothing unless careful groundwork has been laid in advance." The commissar spoke with complete assurance.

Maintenance of European peace now depends primarily on England, with the United States collaborating, according to Soviet thinking. In Moscow's opinion, Britain would have acted long ago on behalf of collective security in Europe if only the United States had collaborated in a similar program for the Far East.

Discussing the Spanish situation, responsible Soviet authorities declared that they would accept any Spanish government that stands for peace, but insisted that no wholly Fascist government would follow a peaceful program. Should the disturbed internal politics in France precipitate a similar situation and bring foreign troops across the French border, the Soviets would undoubtedly come to the aid of the French government.

Against Aggression

In view of Mussolini's latest move in Libya and the unfavorable British reaction, also considering the recent slight strengthening in the French government's financial position, the Soviet stand appears to add considerable influence to a loose Anglo-French-Soviet front against aggression.

Strong opposition by "non-aggressors" to the United States neutrality bill is bound to bring the measure into the discussions of any international conference this summer. Other Washington concessions—probably commercial

—need to be large, Europe thinks, to counterbalance America's present stand.

In Moscow discussions, Troitzky, head of the Budget Division of the State Planning Commission, said that details of the third Five-Year Plan will not be ready until May but that they will emphasize the development of new agricultural regions and wider utilization of mechanized farming (leading probably to agricultural exports), intensive development of transport, and a steady drive to boost heavy industry generally to the United States' levels.

Answering a question on the effect of the war scare on the Plan and the possibility of American purchases, Troitzky declared that the Soviet is self-sufficient in food and in all else except machine specialties. There is a need for novelties. The gold reserve permits huge emergency orders but these are unlikely until the emergency becomes immediate. Present credit arrangements are unlikely to change.

There are few Americans in Moscow now but they will come when business demands warrant. There appear to be as many Japanese as Americans in Moscow hotels.

Check Your Galoshes!

Moscow novelties which picture the Soviet development are: radio advertising programs devoted in part to help wanted; signs in front of most factories seeking every sort of labor from apprentices to skilled workers, due partly to enlarged military service. Royal typewriters are among the few newspaper advertisements noted last week. Moscow feet are better equipped with good rubbers and galoshes than those of any city the writer has seen. These cannot be worn inside buildings so there is a remarkably organized checking service at every door, even at the best hotels. Much snow and many thaws plus a new desire to maintain western cleanliness in public buildings account for the system.

Equalling highest industrial production gain is the new crop of Russian babies. It is 300% above last year.

Grapefruit was recently introduced to Soviet tables. At the Ballet Moscow the élite, promenading in the foyer, bought Palestine imported grapefruit between acts. A complete line of special diet bread has been shown since

Special Report

Back at Berlin again on his way west from Moscow, *Business Week's* foreign editor devotes this week's cable to a report on Russian views of the European problem and on business conditions in the U.S.S.R. Next in this series of news stories picked up at firsthand during his tour will bring him back to western Europe.

As usual, this special report is followed by the regular dispatches from *Business Week's* corps of foreign correspondents.

last month in many shops. Pheasant is as cheap as salt pork is in America. Frankfurters, introduced a year ago, are now extremely popular but are usually sold in open sandwiches.

First advertisements for margarine have just appeared in the new Moscow subway. Many shops are now developing telephone order and delivery service, with keen competition for business due to a salary-plus-commission plan. Many community stores maintain daily bulletins in neighboring apartments, with order collection boxes which are serviced at regular intervals. The only queues left are for newspapers.

Preparations for Tourists

The newest hotel in Moscow, and the Soviet's best, caters to domestic travelers. It has completely modern baths, even with thermometers on the showers, and a 10th-floor terrace café for summer. Service bells in rooms have pictured symbols of maid, valet, and waiter, instead of words, because of the confusion of languages within the union. President Kurtz, of Intourist, revealed that this year's travel plans will feature the Arctic. Hjalmar Stefansson with a tourist party will be the guest of Professor Schmidt of the famed "Chelyushkin" expedition. Another group attending the International Geological Congress will visit Franz Josefland. Two Alaska steamship cruises from the United States will visit the Soviet's Bering coast. All this coincides with the Soviet's celebration of its 20th anniversary.

Germany

BERLIN (Wireless)—In a speech before a meeting of Reichbank shareholders, Economic-Minister-Reichbank President Schacht made reassuring sounds. While admitting that German credit expansion for financing rearmament and other governmental activities exceeded original estimates, he said that "potential dangers of expansion have been checked by vigorous financial discipline."

The Reichbank's annual report, released this week, discloses that over

90% of its bill portfolio consists of direct or indirect government obligations. On the other hand, increase of the consolidation loan (now being floated) from 500,000,000 to 700,000,000 marks indicates that Schacht's consolidation policy is working, technically at least, without a hitch.

Fear Exhaustion of Resources

It is the opinion of unbiased observers that the real danger to the Third Reich's artificial economic structure lies not in the financial sphere but in the exhaustion of material resources and stocks. Further evidence of this threat appeared during the week in several decrees ordering drastic measures for conserving supplies of necessary raw materials. One order seeks to protect tinplate by prohibiting the canning of vegetables in small tins.

The annual report of the Deutsche Bank und Disconto-Gesellschaft, biggest of Germany's big three, announces the increase of dividends from 4% to 5%, and makes the significant announcement that the last government-owned shares have been repurchased. This places the institution on a privately controlled basis.

Jugoslavia Restricts Exports

Jugoslavia has announced a decision to curtail exports to Germany causing great resentment in Berlin. The move would frustrate the Reich's hope of drawing its greatest supplies of wheat and fodder grain from Yugoslavia. The decision was reached by Yugoslavia as a means of reducing German clearing indebtedness which rose abruptly last week.

France

PARIS (*Wireless*)—France watched anxiously the effects on the Popular Front of the clash between communists and rightest followers of Col. de la Roque this week. The outbreak increases the difficulties of the Blum government, already beset by financial worries.

The Senate has limited its new loan to 10,500,000,000 francs which is exactly equal to estimated military expenditures in the extraordinary budget, thus specifying the exclusive use of the proceeds. A first series, totalling five billions and carrying a 4½% coupon, was offered at 98 and was oversubscribed in a few hours last week.

Twenty-five percent of the subscriptions represented foreign or repatriated money. While the expatriated capital and gold poured in, hoarded domestic gold was heavily sold to the Bank of France. A second series of three billions was issued Tuesday on the same conditions. This was aimed particularly at provincial investors who were too late for the first issue.

Success of the flotation apparently



ADVENTURES FOR COMMERCE—To inaugurate an airline linking important mining, trapping, lumber and fishing areas of Russia's "northern rim," F. B. Farikh, Soviet polar explorer, will leave Moscow soon with a party of officials. They will inspect numerous "wintering" expeditions of workers along the 12,035-mile route (top). A huge N-120 monoplane, elaborately equipped with meteorological instruments and radio aids, will be supplied with tents and provisions against forced landings in the uninhabited stretches of Russia's frigid northlands.

has changed the political climate and restored confidence. The Bourse, after showing great firmness in French securities, receded due to heavy withdrawals from the money market for subscription to the loan. There was a corresponding rise in the rate on margin money. The government has announced a willingness to adopt a forty-hour week in the case of seasonal industries. In keeping with the Blum government's philosophies, the huge Schneider and Creusot armament plants have been nationalized.

Belgian Politics

Severe attack by Rexists (Fascist group) against the Belgian government is forcing Premier Paul van Zeeland's administration into personal competition against de Grelle for parliament in the partial election to be held April 11. The Brussels Bourse is declining as a result. Van Zeeland's defeat, while not expected, would mean resignation of the government.

Great Britain

LONDON (*Cable*)—The best February overseas trade in seven years has failed to stimulate London's stock market. "Gambling money" is fascinated by the spectacular boom in metals. This assumes alarming proportions. Skyrocketing prices are causing fabricators (who must have metal for rearmament demands) to place orders for future necessities, thus giving quotations a further boost.

Newspapers are stressing the bright side of the trade situation. This only



emphasizes the real implications for those who see behind the editorials. Exports for February (£38,500,000) show an increase over the previous February of 3.4%. Imports (£71,600,000) are up 9.4%. There is fear that this widening gap may bring on a crisis comparable to that of 1931.

The House of Commons has approved the inflated estimates for defense but Labor insists that the question is tied to the German drive for restoration of colonies. In the face of official statements that German demands are impossible, Labor is urging that the government let it be known that it is willing to discuss with Germany the possibility of returning certain colonies under mandates and guarantees of peace. This view is supported by some Conservatives but the majority refuses to consider such discussions.

Rearmament Difficulties

Meanwhile the armament schedule is running into difficulties. The major drawback continues to be a shortage of skilled workers plus a tendency of these elements to strike against present wage rates and to resent dilutions by new employees.

In political circles there is a significant revival of demands for a low

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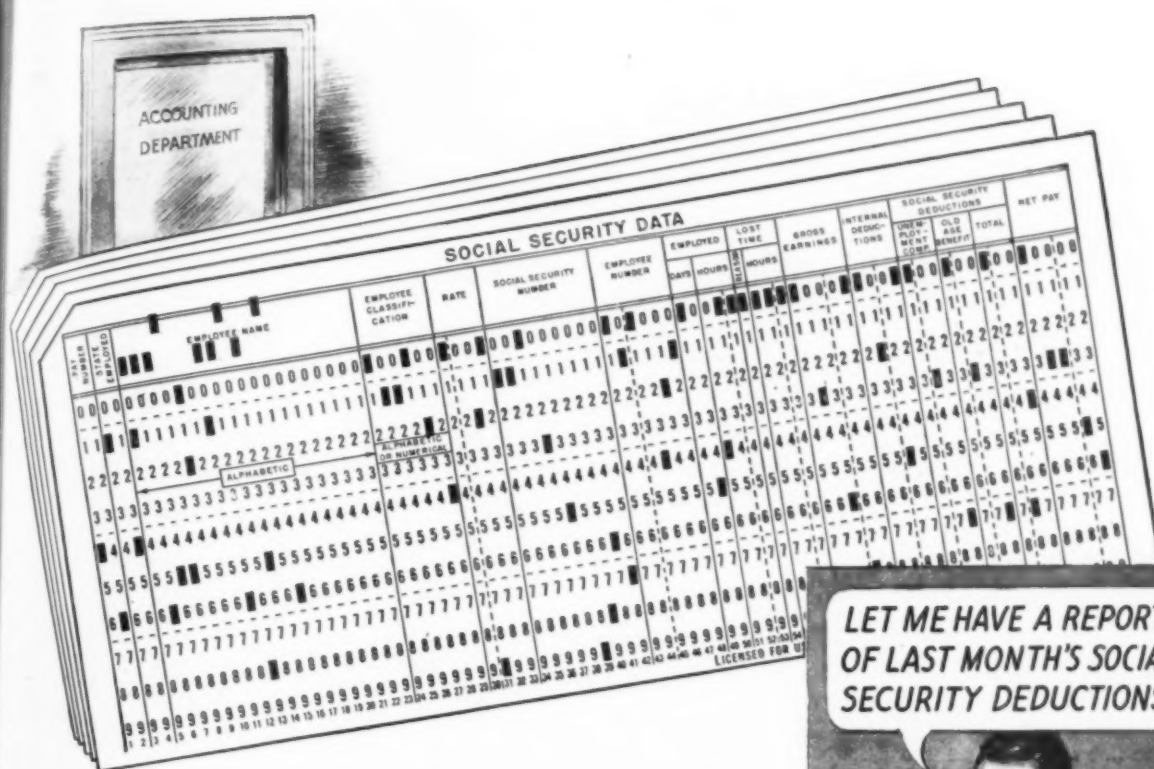
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ACCOUNTING DEPARTMENT

SOCIAL SECURITY DATA

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tariff policy. This is considered a curtain-raiser for an attempt to restore a greater measure of free trade with a drive for a world conference on currency stabilization. However this is unlikely to shake government policy. American taxpayers will be startled to learn that there are strong hopes for another "settlement" of the American debt question before Premier Baldwin's retirement in May or June.

Latin America

THE Bolivian government pulled a fast one on the Standard Oil Co. (N. J.) last Tuesday. It sought to end a long-standing argument by summarily cancelling the company's 2,500,000 acre concession and confiscating its holdings. However the controversy has been in the Bolivian courts and the government move may merely mean that the case will be in court just so many more years.

Charges Evasion of Taxes

Bolivia charged in 1935 that Standard had avoided 3,000,000 pesos in export royalties and other taxes by smuggling oil into Argentina through a hidden pipe line and by secret production. An Argentine government commission investigated the pipe line allegations and declared them wholly without foundation. The Bolivian government has long wanted to take over its oil industry and has roused public opinion by continued charges against Standard. The company has a refinery in Bolivia for the local demand. Argentina refused to allow a Standard pipe line through its territory which would have given the company an outlet to larger markets from land-locked Bolivia.

Indication that the Argentine government is moving further into competition with private business is found in the announcement this week that it intends to acquire one of the subway systems of Buenos Aires. Within a few months the government has bought the Cordoba Railway system and the Argentine section of the Transandine Railway on which road bed and traffic will be restored.

The B. A. subway slated for acquisition is the Lacroze. Back in the good old days, United States dollars aided in the financing of this system. It is considered the best of the city's three underground lines. It is some 11 miles long, carried 25,785,000 passengers in the first nine months of 1936. A plan for its future is connection at one end with a railway yard, and the other with B. A.'s famous docks for the transportation of freight between 1 and 4 a.m.

The purchase plans involve acquisition by the government's Instituto Movilizador of defaulted debentures with a nominal value of \$17,500,000. Payment would be 24,000,000 pesos



WON'T COMPETE—If American business men import Philippine products, the island commonwealth will not establish competing manufacturing. President Manuel Quezon said during his visit in the United States. Mineral resources will be held by the commonwealth, but arrangements will be made to lease mines and oil fields to U.S. concerns.

(about \$7,236,000). Motivation for the move is said to be coordination of subway, tramway, bus transportation of the capital by means of the new Transport Corp. (BW—Nov 7 '36, p. 44). Acquisition of the subway system and its tramway appendage would give the government a 14 to 10 dominance over the special commission which is organizing the Transport Corp. Present membership is a 50-50 split between government commissioners and those representing private transport.

Trade Pact With Italy

On Mar. 5 Argentina and Italy signed a trade treaty which improves an already flourishing trade between the two countries. Italy agrees to allocate to the Argentine \$24,700,000 out of its buying quota for wheat, wool, meat, corn, hides, cotton. Italy gets official exchange privileges for an equal amount on sales to the Argentine. This means liberation to this extent of the 20% exchange surcharge on Italian goods. One result may be that Italian purchases of wheat will wipe out Argentina's exportable surplus much sooner than was expected. Total wheat exports so far this year are 1,764,320 tons, leaving a carry-over of 2,202,224 tons. (Last year's exports for the same period were only 251,657 tons.)

The new Italian treaty probably will increase complaints in the United States of exchange discrimination. It has already been charged that Argentina favors Great Britain and Germany at the expense of the United States in distributing its cheaper official ex-

change. Argentina insists that she may have a favorable balance in trade with the United States for the payment of interest on American loans.

Argentina and Brazil have had their share of fugitive capital from Europe but (unlike the United States) the South American countries do not worry. Evidence of this flight is seen in building booms in Brazil and the Argentine cities. There is great activity both in residence and industrial construction. Brazil and Argentina are in the grip of central governments which admire the achievements of fascist countries and feel capable of controlling the inflow of capital to their own advantage.

Canada

OTTAWA—Bit by bit Canada is securing her new deal program by provincial enactment after failing to secure it by unconstitutional federal law. Latest provincial moves will bring uniformity in Ontario and Quebec wage laws with new minimums and adjustment measures. About one million workers will be protected by laws now being passed at Toronto and Quebec. In addition to raising wage standards, interprovincial uniformity will give greater stability to industry in Canada's two largest provinces. Heretofore labor conditions in Quebec have been somewhat more attractive to industrialists than Ontario conditions.

Expansion of Branch Plants

Direct result of comparative labor stability in Canada is the expansion of United States branch industries. Two United States firms have intimated intention of carrying out \$10,000,000 expansion programs at Ontario subsidiaries.

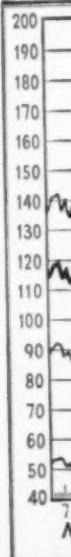
All provincial governments have reached agreement for uniformity of laws and regulations controlling stock flotations and marketing of securities. Uniform laws will be passed next year but, in the meantime, existing laws will be administered in a uniform manner by all provinces. This was decided at a meeting of provincial officials in Toronto last week at which the Washington Securities Exchange Commission had an observer. Further cooperation between United States and Canada in controlling marketing of securities is now assured.

Most Canadian provinces are reporting budget surpluses. A large part of Ontario's \$7,000,000 surplus, announced last week, will be remitted in abolition of amusement taxes, reduction of automobile license fees, direct grants to all municipalities.

Early abolition of Canada's wheat board and fixed minimum wheat price is intimated at Ottawa. The federal administration proposes to get out of the wheat business

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Money and the Markets

Eccles' warning is heard and studied, but it doesn't stop stocks and commodities from leaping again, or government bonds from flopping. Many investors start switch to stocks as inflation hedge.

If Reserve Board Chairman Eccles' warning that potential inflation will be controlled by the government was designed to quell stock and commodity speculation immediately, it was a flop. If his assertion that money will be kept plentiful and cheap was calculated to bolster dropping Treasury bond prices, it was a flop. If his arguments were intended simply as a warning, they were widely read and commented upon, and that's that.

What happened on Tuesday, the day Mr. Eccles' views were published, was that stocks scored good gains and commodities soared whereas government bonds were having one of their worst days in recent years. On Wednesday the Treasury bonds had an even worse day with no less than five issues down a point in the first two hours; stocks wandered but strength in the rails buoyed the general list.

U. S. Bonds Slump

Marketwise, the big news of the week was the sharp recession in direct and guaranteed bonds of the government. While a drop of a point in a single day isn't very great in a gilt-edged corporate bond, it's a whale of a lot in a Treasury issue. Moreover, Treasury bonds maturing 5-10 years hence have dropped as much as 4-4½ points since the first of the year and were down 2-2½ in six trading days.

Bond men had a lot of explanations for the selling wave in the governments,

1½ Is Too High

The New York Stock Exchange, intent on protecting the public against itself, this week suspended trading in one of the "penny" stocks—Pierce Petroleum Co. The company is in liquidation. Big Board officials consulted the management and were told that the payoff won't be more than \$1 a share, maybe substantially less. As the stock was very active at 1½ on Monday, buyers clearly were wrong.

This doesn't mean that penny stocks are going to be kicked off the board wholesale. The exchange has acted, so far, only in three types of cases: (1) where a court says the stock of a company in receivership is valueless; (2) where the management of a company asks delisting of a stock on the contention that it is worthless, and (3) in this case where the liquidation payoff quite definitely will be less than the market price.

but most of them represented more guessing than information. But one thing stood out. A moderately large volume of bonds was being offered for sale and nobody wanted them. That is, nobody but the Federal Reserve which was reported buying for the Treasury, and the Treasury, in turn, was purchasing for various federal agencies which invest in governments.

This official buying, according to houses specializing in government

bonds, apparently wasn't so much to support the market as to stabilize it—to prevent out-and-out demoralization.

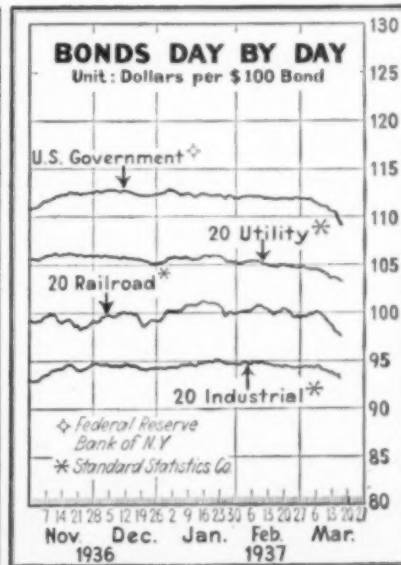
Guessing as to who was doing the selling brought out the greatest variety of stories, but it is safe to say that banks did most of it. New York banks have been selling in fairly large volume ever since the middle of last year. Since Jan. 1 there has been a dribble of liquidation by interior banks.

The banks could quite logically have been selling at this time. They had very large Mar. 15 transfers to make; they have soon to start preparing for the next boost in reserve requirements which comes May 1; commercial loans and advances on securities are expanding, giving them new channels in which to employ their funds, and the many predictions of higher interest rates encourage them to scalp profits on their bond holdings before prices sink and the profits no longer exist.

New York Big Seller

The figures on banks' holdings of government bonds are illuminating. New York banks sold \$714,000,000 from June 30, 1936, to Mar. 10. During the same period commercial loans rose only \$273,000,000 in New York City. This indicates that the big city banks needed money for something besides loans to business; probably interior banks were drawing down their balances to meet the two increases in reserve requirements which already have gone into effect.

During the period from June 30 to Dec. 31, when New York banks were selling \$552,000,000 of their government bonds, interior banks added \$232,000,000 to their holdings despite the fact that their commercial loans rose \$376,000,000. From the end of last year to Mar. 10, however, the Federal Reserve members in the interior (100



ADDITIONAL WORKING CAPITAL

Current investment demand for convertible securities suggests a favorable method of financing at the present time—in anticipation of increased working capital requirements indicated by expanding business, increased inventories, rising costs and extra dividend disbursements.



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NEW YORK CITY

cities reporting weekly) sold \$92,000,000 while New York banks tossed over \$162,000,000.

Aside from this institutional liquidation, there has been accumulating evidence that individual investors have been letting go of some bonds—corporate as well as government issues. This is readily explained. Talk of inflation is in the air; and official comments such as Mr. Eccles', even though they predict control, don't put an end to inflationary fears. If inflation takes hold, prices will rise rapidly and the purchasing power of income from the bond dollar will slump.

Inflation Hedges

In fact, prices already have risen enough in recent months so that fixed incomes from bond investments don't go as far as they used to. The effect of this is to impel thoughtful investors to switch into stocks and commodities as an inflation hedge—to own "things" rather than fixed income investments and cash.

The inflation scare, so far as stocks were concerned, tended to neutralize the Eccles threats of higher taxes and his protest against higher prices to consumers. If corporation profits are further taxed, or if price markups are curbed, it will decrease earnings and depress stock values. But the market seems to be interested more in immedi-

ate things than in these still vague potentialities.

In commodity markets the same factors were at work that have been noticed for weeks. Spot supplies of most items are very tight. The fact that many of these supplies will be built up in the months to come isn't of immediate interest to speculators.

A case in point is rubber. Available stocks in both London and New York have been consistently dwindling. Manufacturers, though they feel prices are too high, have been forced to buy. Cartel quotas have been raised—they were boosted to 90% for third quarter shipments only this week—but these increases won't be felt in the spot markets for some weeks or months to come. So the bulls have continued to run away with things, and the cartel managers, in tin as well as rubber, have been blamed for bad management.

Another of the big commodity markets this week was in grains. Motivating force was the renewal of big demand in Liverpool which slopped over into all the other markets. Particularly strong was the trade in Buenos Aires. At the start of the week it was reported that Europe again had been buying heavily "down under." Then rumors spread that Argentina has sold for export too much of its available supplies, that dealers there have oversold, and are buying in their contracts.

Cotton 'Way Up

Reaches highest price since June, 1930. Exports and domestic demand increase.

INSPIRED by booming domestic mill operations and rising exports, cotton prices this week soared to the highest levels since June, 1930. The New York spot quotation on Tuesday hit 15½¢ for the first time in nearly seven years. Southern spot markets were not far behind, and all contracts for future delivery prior to the time the new crop cotton comes to market were above 14½¢.

There is a scramble on the part of mills to buy. New Orleans dealers report that a few domestic spinners and many of those in England are covering their requirements as far ahead as December of next year—before much of the cotton for delivery from September to December, 1937, is even in the ground.

Export Lag Slashed

The buying urge, which has been gaining momentum for two weeks, daily is being fed by the export figures. A couple of months ago overseas shipments were slack, lagging 650,000 bales behind the previous season. Since that time foreign takings—particularly British and Japanese—have been mounting steadily and the deficit in exports compared with a year ago has been cut to 431,000 bales. And Britain's Lancashire mills are complaining that they can't get the supplies they need.

Exports for the current crop year to date—from last Aug. 1 through Mar. 16—have been 4,380,000 bales.

On top of the recent rise in exports, the domestic textile boom continues at its breakneck pace. February consumption is reported by the Census Bureau as 664,439 bales; for the first seven months of the season it was 4,512,634. These figures compare with 515,977 and 3,530,358 bales, respectively, last year. Simultaneously, mills have been building supplies, holding at the present time a little over 2,000,000 bales against 1,405,329 a year ago. The net result of this foreign and domestic demand was that storage stocks on hand (excluding mill holdings) had dipped on Feb. 28 to 5,856,789 bales from 7,247,508 a year earlier.

CCC Releases Cotton

This improvement, in combination with the buying inspired by the general commodity boom, has completely reversed the trade's attitude toward cotton prices. Early this year traders were plunged in gloom by the announcement that the Commodity Credit Corp. was going to release some more of the cotton which it still holds as security for 12¢ a lb. loans to producers.

These CCC releases were to go for-

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ward throughout March and April, but prices were barely above the 12½¢ level at which the loan cotton was to be turned back to growers. The trade was fearful that the government agency's 3,000,000 bales overhanging the market would break prices. In fact, quotations did for a few weeks tend to back away from the 12½¢ mark.

The spurt in the last few weeks, however, must have aided the government in its effort to get out of the cotton market (although no recent figures on releases have been reported). Moreover, present prices will greatly improve the CCC's showing on the venture.

Costly Occupation—One of the higher-ups in the Securities and Exchange Commission figures that the last two years in Washington have cost him a half million dollars, and if you pressed him, he'd probably get out his stock records to prove it—but for that you'd have to press awfully hard.

He came to his post with the SEC—an important and highly respectable post—laden with investment trust securities that had gone very much to the dogs and had very little left to recommend them except leverage, or, as the British would say, "gearing" (BW—Mar 13 '37, p. 57). Along about 1934, things began picking up, and investment trust shares with minus asset values took on new life.

Soon the SEC investigation of investment trusts got under way full blast, and this conscience-guided official, because he would participate in the inquiry, felt called upon to sell out his portfolio of trust shares. Thereafter the stocks he had held leveraged upward \$500,000. In other words, his government job cost him \$250,000 a year.

Compensatory Offset—But it does not all tally on the loss side. He had securities which he would have sold if he had been a free agent. But, being an official of the SEC, he felt obliged neither to buy nor to sell. And some stocks—which he's sure he would have sold (because they seemed too high at the time) but didn't sell—now represent handsome profits.

Moreover, if he had sold, he'd have taken securities profits, and the government would have come in for a share. Hence, his frozen SEC position caused him to hold securities which have risen in value, and it has saved him taxes which the government would have collected. But, even so, he figures that with all those offsets, he has not made up for that half million.

Counter Dealers—On two recent occasions high officials of the Securities and Exchange Commission have been speakers at meetings of over-the-counter dealers. They have praised the organized associations for their help in clearing

the way for effective regulation and have expressed hope that, ultimately, comprehensive rules for unlisted dealings would be working smoothly.

Meanwhile it is reported from Washington that progress is being made on the knotty problem of setting up machinery for regulation. Yet it probably will be years before uniform standards can be worked out for some 6,000 dealers in big, small, and middle-sized cities from coast to coast. The plan, which was going strong in 1935, was complicated when the investment bankers' code went the way of all NRA codes. The only nucleus now is found in organizations of dealers in the various cities, largest of which is the New York Security Dealers Association.

The commission has been on the watch for fraud, misrepresentation, and manipulation in the over-the-counter markets. This is borne out by the call for hearings into activities of half a dozen dealers and investment trusts in New York. These concerns are called upon to show cause why their registrations as counter brokers should not be revoked, which is equivalent to an effort to put them out of business.

Intercompany dealings in violation of charters of the various investment trusts; watered values in such transactions; misrepresentations as to holdings in the trusts' portfolios; loans to brokers, officers, and directors, and payment of

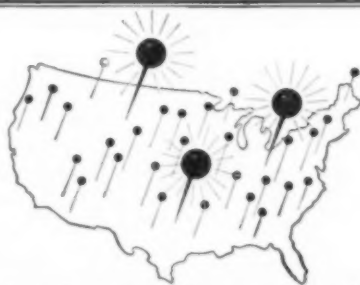
dividends out of capital rather than from earned surplus are among the charges. On the carpet are Bryant & Co., Inc., Kenyon & Co., Inc., Donald P. Kenyon, Lancaster, Havens & O'Brien, Inc., National Associated Dealers, Inc., United Sponsors, Inc., and United Standard Oilshares Corp.

Phone Gains—It was hailed as a milestone of recovery when American Telephone & Telegraph last year earned its dividend with a margin of 89¢ a share to spare. (The company paid \$9 a share annually right through the depression, although it had to dip deeply into surplus.) But the improvement didn't stop with the end of 1936.

A. T. & T. connected up 187,800 additional telephones in the first two months of 1937. This represented gains of 92,200 stations in February and 95,600 in January, compared with 65,400 and 47,000, respectively, for those 1936 months. For all of 1936 the increase was 881,000 stations while 845,000 had been added from the low point in August, 1933, to the end of 1935.

The result is that A. T. & T. now has customers using 14,640,000 phones. This is only 553,000 below 1930's all-time peak of 15,193,000 and represents a striking comeback from 1933's low of 12,728,000.

Shareholders may derive additional



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Your business, like hundreds of others today, can open new markets through frequent use of LAWRENCE SYSTEM. With this system you can obtain low-cost seasonal capital to meet sales and operating needs.

If you are a manufacturer, for example, the use of LAWRENCE SYSTEM will provide adequate funds to increase purchases of raw stocks and

accelerate production. It will enable you to sell on a larger scale to both new and old customers despite credit limitations resulting from the R-P Act or other causes.

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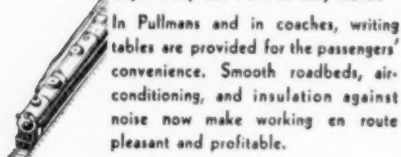
A. T. GIBSON, President

NEW YORK: 52 Wall St. • CHICAGO: One North LaSalle St. • BUFFALO: Liberty Bank Building
BOSTON: 49 Federal St. • KANSAS CITY, MO: Commerce Trust Bldg. • DALLAS: Santa Fe Bldg.
HOUSTON: 601 Shell Bldg. • LOS ANGELES: W. P. Story Bldg. • SAN FRANCISCO: 37 Drumm St.
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Train
**TRAVEL
SAVES** *time*

A man's time is valuable. That's why more people are using the trains these days. They can work as they travel.



In Pullmans and in coaches, writing tables are provided for the passengers' convenience. Smooth roadbeds, air-conditioning, and insulation against noise now make working en route pleasant and profitable.

**FOR ECONOMY TOO
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• Train travel is also the most economical means of travel. Passenger fares are lower than they have ever been—in fact, you may now go by train much cheaper than you can drive your own automobile. Next time—between the Midwest and the Virginias and Carolinas and between the North and the South—travel via the Norfolk and Western Railway.

**NORFOLK
AND
WESTERN**
Railway
PRECISION TRANSPORTATION

satisfaction from the fact that refunding and retirement programs throughout the Bell system last year removed a fancy slice of fixed charges. A. T. & T. carried out a \$335,000,000 refunding program and reduced charges something like \$5,870,000. Subsidiaries also refunded or paid off a substantial amount of bonds and preferred stocks. The over-all result is that A. T. & T.'s share in reduced charges comes to more than \$8,940,000 (without allowance for taxes on this increased income) or nearly 48¢ on each of the parent company's 18,662,275 shares of capital stock.

What, No Pretzels?—There was, for years, a "homey" atmosphere about the annual meetings of Consolidated Gas of New York. At noon the stockholders, like one big—not always happy—family knocked off business and went to lunch as guests of the company.

But at their annual meeting a year ago the stockholders changed the name of the company to Consolidated Edison of New York more nearly to reflect the character of the business and in preparation for merging all the component units of the system. So, when they came back for their annual meeting this year, it probably was not unreasonable to expect procedure to be changed somewhat, too. In fact, the usual luncheon had been canceled, the order of the day being business right through to adjournment.

During the years of the depression the luncheon had served other purposes than mere sociability. It broke into the middle of proceedings and interrupted rambunctious stockholders who wanted to put a lot of questions that seemed, to the management, out of order. Luncheon was announced and the interpellants

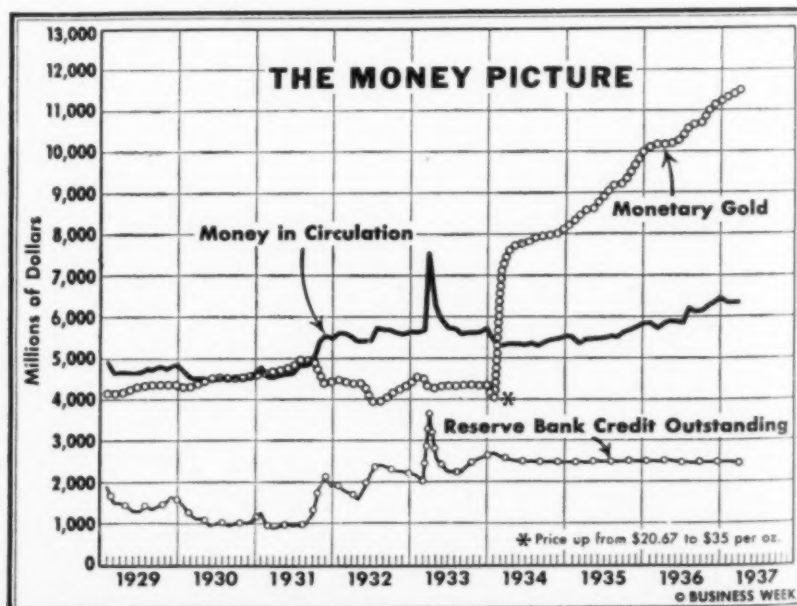
generally were quieted by the food. Now that times are better, managements aren't asked so many involved and irrelevant questions and the discontinuance of the "Con Gas" lunches is probably just a sign of the times.

Banking Unity—There are rumors that national banks, state banks that are members of the Federal Reserve, and Federal Deposit Insurance Corp. members that don't fit into either classification, will be placed under the wing of the comptroller of the currency. The idea is to eliminate duplication and variation in examinations, calls for condition, etc.

However, the best information in Washington is that this course is unlikely. While uniform examination appeals to the banking authorities, it isn't expected that it will be under the comptroller. In fact, it's no secret that the comptroller's job has been slated for the axe for a long time; not so the incumbent, J. F. T. O'Connor, for Mr. O'Connor is a political somebody.

It boils down to three guesses: (1) that the office of comptroller will be abolished one of these days (and this guess gets the most credence); (2) that nothing will be done; (3) that the comptroller's job, under fire for years, will stagger through with control of all the federal banking and credit branches under his authority in the Treasury Department.

Any way it works out, however, the drift is toward unified control under the Treasury as a matter of reorganization and consolidation of federal bureaus. If the press of controversial legislation weren't so great there might even be talk of a single unified and uniform banking system to end state banks by nationalization.



Editorially Speaking—

THOMAS W. LAMONT testified before the Senate committee investigating railroad financing. "On departing from the hearing room," says the *Wall Street Journal*, "Mr. Lamont shook hands with most of the committee investigators and was so jovial that he made no objection when one black-haired girl said, 'Goodbye, Mr. Morgan.'" And what would Mr. Morgan say if Mr. Lamont ever objected to that?

MANY years ago F. Scott Fitzgerald wrote one of his wildest stories, and the other day Dr. Beverley R. Tucker of Richmond, writing in the *Virginia Medical Monthly*, related a true story that resembles Fitzgerald's fiction. The doctor tells of a woman whose case was brought to him when her actual age was 61 and her mental age six or seven.

"She was a nice little girl in short dresses rocking in her chair," writes Dr. Tucker. "She read simple things but rather badly; she craved attention; she laughed sometimes and at others she would cry a little. Despite our efforts to the contrary, in a few months she was three or four years of age. In several months more she was in bed moving her hands and feet aimlessly, often whining and crying like a very young child, and the only articulation one could understand was her frequent calling for 'mama, mama,' although her mother had passed to the 'great beyond' some 30 years before." Soon she needed liquid nourishment, because she wouldn't chew, and after a time "she assumed the foetal posture, breathing gently being her only movement." Not long afterwards she died.

MORE than a dozen years have passed since *Collier's* published Fitzgerald's story, "The Curious Case of Benjamin Button." With deadpan solemnity Fitzgerald told of a young man named Button who, soon after the Civil War, hurried to the hospital to see his newborn baby. Few babies were born in hospitals at that time, and no baby was like the Button baby. The doctors and nurses looked at the young father in speechless dismay and finally showed him into a room where, curled up in a crib, was an old man with a long white beard. That was the baby. How this birth was accomplished, Fitzgerald didn't bother to explain.

THE embarrassed Buttons got their senile baby away from the hospital and hid him. Gradually he grew younger until he was firm and vigorous and became active in business. His life was a series of appearances and disappearances, for he couldn't stay more than a few years in any place without attracting attention by his increasing

youth. In '98 he was young enough to become a colonel in the Spanish-American War, and by the time of the World War he was hardly old enough to get in it as a shavetail. Thereafter his youth advanced more rapidly, until he was mentally and physically a little child, and then a baby, and finally he slipped back into foetal dreaminess.

There the story ended, but Fitzgerald never did explain how that white-bearded ancient ever got born.

THE Nazi government recently barred an American magazine, *Judge*, and a week later barred another, *Look*. This is the commandment over there: Look not, neither shall ye judge.

THE semi-monthly *Bulletin* of the National Association of Cost Accountants is a scholarly publication. Its March issue, for example, leads off with "Problems of Present-Day Inventory Valuation," by Maurice E. Peloubet, partner in Pogson, Peloubet & Co. But on the back cover of the first section, the N.A.C.A. bursts into joyous, throat-filling verse:

Virginia is often a girl's name,
It is also the name of a state.
Hot Springs is the pride of Virginia;
Its history we've tried to relate.

The attractions of Hot Springs are many.
This month we are mentioning one,
And if you attend the Convention
You're assured of some wonderful fun.

Just turn to the page in this issue
Where Golf at Hot Springs is described,
'Tis but one of the many attractions
Which later will be amplified.

Here's a chance to combine a vacation
And a stay at a wondrous resort
With a round of fine technical sessions
And meetings with men of your sort.

Start now to make your arrangements
To attend this important event,
Be assured you'll enjoy every moment
And feel that your time was well spent.

That's the sort of thing there ought to be more of in the bulletins of trade associations. Let rapture swell the soul and poetry fill the bowl, or words to that effect, and if you go broke at Hot Springs wire home collect.

IN Japan the navy is the supreme career, and that fact is illustrated in this minor but significant way: the Boy Scout Federation picks an admiral as its president, in order to attract hero-worshipping boys. The late Admiral Makoto Saito, who was president, has been succeeded by Admiral Takeshita.

PLEASE call Babe Ruth's attention to one of John Lewis' main organizations, the Steel Workers Organizing Committee, known as the S.W.O.C. Which makes Lewis the Sultan of Swoc.



Mill No. 1, Entwistle Manufacturing Co., Rockingham, N. C.

ENTWISTLE MILL SAVES WITH IRON FIREMAN



W. H. Entwistle, Vice President and General Manager.

When a cotton mill operator cuts costs in his boiler room nearly five thousand dollars a year—and gets better heat and power—it's news to every man who pays fuel bills. Briefly, the facts are these:

A heavy duty Iron Fireman "Poweram" stoker replaced hand-firing in the boiler room at Mill No. 1 of the Entwistle Manufacturing Company at Rockingham, N. C. A comparison of records before and after the installation revealed:

With Iron Fireman firing, overall boiler efficiency increased from 44% to 74%. Cost for 1000 pounds of steam decreased from 40c to 18c. Annual fuel and firing room labor cost decreased from \$10,420 to \$5506—an estimated saving of \$4914 or 47%.

W. H. Entwistle says: "In addition to fuel and labor savings, Iron Fireman gives us automatic operation, as well as uniform boiler pressure, at all times. We can recommend Iron Fireman to anyone having conditions similar to ours."

MONEY SAVED IS MONEY EARNED

Iron Fireman's ability to cut firing costs and increase firing efficiency is a matter of record in thousands of buildings, large and small. You can install Iron Fireman in your own boiler with equal success. Purchase can be made on convenient monthly terms.

Your Iron Fireman dealer will gladly make a free firing survey of your property and submit all the facts for your consideration. Ask him for this service, or write to 3169 W. 106th Street, Cleveland. Iron Fireman Manufacturing Co., Portland, Oregon; Cleveland; Toronto. Dealers everywhere.



Iron Fireman installation in a 260 h.p. boiler at Entwistle Mill No. 1.



IRON FIREMAN
AUTOMATIC COAL BURNER

MARCH 20, 1937

No Excuse for Most Strikes

The amazing epidemic of sitdown strikes has spread to hundreds of factories, stores, and offices, proving the mischievous inefficacy of President Roosevelt's and Gov. Murphy's treatment in the case of General Motors. The Chrysler strike produced extraordinary new developments of its own, new flowerings of C.I.O. arrogance. Not only were factories seized from their rightful owners, who were obliged to go to court and get an injunction, but the union pickets barred out the officers and clerical employees, disrupting the administrative work of the company, so that it was necessary to rent new offices and assemble the staff there.

Manifestly such intolerable situations cannot be allowed to continue. Sitdown strikes, with their recurrent defiance of courts, must be suppressed immediately and effectively, once and for all time. The country must never again witness the wholesale seizure of plants for ransom.

But the sitdown strikes are not an isolated phenomenon; they are merely a part, though the most glaring and offensive part, of a vast strike offensive against industry. They are the worst weapon in a campaign that has no economic justification. Today there is, on the whole, no reason why workers should strike. The object of a strike is higher wages, and that is true even when the demand most emphasized is union recognition; for what is the object of union recognition except higher wages, either immediately or in the long run? Union organizers, of course, frequently have another object, in the form of dues and salaries, and sometimes other perquisites; but we are speaking of the rank and file of union members. The greatest thing they seek in a strike is higher wages.

In most industries there is no justification for that demand today. A study of hourly wage-rates in 21 typical industries during January of this year reveals that in all but one industry the rates were higher than in the peak year of 1929. The increase averaged 8%. The automobile industry, which has been worst hit by the strikes, paid 15% an hour more last January than in 1929, when the cost of living was higher.

But the unions argue that the shorter working-week has caused a reduction in the worker's total wages.

That point has no bearing on the economics of the matter. What counts is the amount of money paid to the worker for a given unit of time. The employer cannot sell goods unmade during the 41st hour of a 40-hour week. All he can sell is the product of the working week, and therefore all he can pay for is the time devoted to the job. On that basis he is paying more than he did in 1929.

The way to increase the total wages of the employee is to cease erecting uneconomic wage-hurdles for the employer to jump. But we have an Administration that thrives on the favors of the underprivileged, and offers favors in return. From the underprivileged that reciprocal process spreads to great numbers who are not underprivileged but have the natural desire of getting more money. For this purpose they make uneconomic wage demands, and the Administration abets them. Instead of permitting industry to concentrate on industrial improvement and thereby stimulate a greater demand for labor and a greater payroll, aggressive union leaders have adopted sabotage and mass confiscation as the main instruments of their policy against employers who have already raised wages above the boom level of 1929.

FTC's Newest Anti-Trust Plan

The Federal Trade Commission urges Congress to pass a law providing that "no enterprise engaged in interstate commerce be permitted to acquire control over the assets of a competitor, whether directly or indirectly, if the combined assets or output after the union would exceed a specified percentage of the total assets or output of the industry."

What percentage could Congress reasonably specify? Isn't a larger percentage needed to dominate one

industry than another? The commission at one point in its report lists a number of dominating companies, among them two in the baking industry. But at another point it says 10 companies have more than 30% of all bread production. If the same condition prevailed in some other industries, such as steel and automobiles, would the commission say the two leaders were too large? If not, is "specified percentage" plan becomes obviously impossible.

Repeal the Tax On Capital Gains

When Congress gets around to amending the income tax law, as it is likely to do in several ways this year, it ought to repeal the tax on capital gains. For this is a tax that cripples the automatic brakes of commerce and finance. It not only does not help the Administration's stabilizing policy but it definitely hinders it.

In theory we are trying to adjust our economy by spreading out the bumps and valleys in the economic curve. The capital gains tax bunches them closer. It penalizes anyone for taking a profit. It makes him hesitate to sell his holdings and close a transaction. During a recovery period there is a tremendous accumulation of paper profits in securities, real estate, and other property. A reasonably cautious man may want to sell during the rise, but if he has held the property less than a year he must pay the same tax on his profit as if it were ordinary income, and the longer he holds it the smaller the tax. Thus the tax is a strong deterrent to sales. Abnormal buying and subnormal selling quicken the boom and eventually make the explosion louder.

Then prices spin down and everyone rushes to save as much of his paper profit as possible by selling at once. Many of these eager sellers would be on the other side of the fence if the capital gains tax had not deterred them from selling during the rise. They would have cash on hand and be waiting for bargains. But as it is, there is little bargain-hunting cash ready to go into action and check the stampede. The tax that sharpens the danger of booms and slumps should be wiped out.

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